CLERK'S COPY.

Vol. IV

TRANSCRIPT OF RECORD

GOVERNMENT'S EXHIBITS

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1935

No. 268

THE SUGAR INSTITUTE, INC., THE AMERICAN SUGAR REFINING COMPANY, MARGARET A. JAMISON, ET AL., APPELLANTS

vs.

THE UNITED STATES OF AMERICA

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK

FILED JULY 22, 1935

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1935

No. 268

THE SUGAR INSTITUTE, INC., THE AMERICAN SUGAR REFINING COMPANY, MARGARET A. JAMISON, ET AL., APPELLANTS

vs.

THE UNITED STATES OF AMERICA

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK

INDEX

Exhibit:	Page
391-WWW	1581
391-XXX	1581
391-YYY	1582
391-ZZZ	1582
391-AAAA	1583
391-BBBB	1583
391-CCCC	1584
391-DDDD	1584
391-EEEE	1584
391-FFFF	1585
391-GGGG	1585
391-HHHH	1586
391-IIII	1586
391-JJJJ	1587
391-KKKK	1587
391-LLLL	1588
391-MMMM	1588
391-NNNN	1589
391-OOOO	1590
391-PPPP	1590
391-QQQQ	1590
391-RRRR	1592
391-SSSS (explanation)	1592

Exhibit—Continued.

	Page
391-TTTT	1592
391-UUUU	1593
391-VVVV (explanation)	1593
391-WWWW (explanation)	1593
391-XXXX	1594
392	1594
393	1595
393-A	1595
393-B	1596
393-C	1596
393-D	1596
393-E	1597
394	1597
395	1598
396	1599
396-A	1599
397	1600
398	1600
398-A	1601
398-B	1601
399	1602
399-A	1602
400	1603
400-A	1603
400-B	1604
400-C	1604
400-D	1605
400-E	1606
400-F	1607
400-G	1607
400-H	1608
400-I	1608
400-J (explanation)	1608
400-K	1609
400-L	1609
400-M	1610
400-N	1611
400-O	1612
400-P	1612
400-Q	1613
400-R	1613
400-S	1613
400-T	1614
400-U	1615
400-V	1615
400-W	1616
400-X	1616
400-Y	1617
400-Z	1617
400-A1	1618
400-B1	1618
400-D1	1619
400-E1	1619

Exhibit—Continued.

	Page
400-F1	1619
400-G1	1620
400-I1	1620
400-J1	1620
400-K1 to 400-Q1 (explanation)	1621
400-R1	1621
400-S1	1622
400-T1	1622
400-U1	1623
400-V1	1623
400-W1	1624
400-X1	1624
400-Y1	1624
400-Z1	1625
400-A2	1625
400-B2	1625
400-C2	1626
400-D2	1626
400-E2	1627
400-F2	1627
400-G2	1628
400-H2	1628
400-I2	1628
400-J2, 400-K2 (explanation)	1628
400-L2	1629
400-M2	1629
400-N2	1630
400-O2	1630
400-P2	1631
400-Q2	1632
400-R2	1633
400-S2	1633
400-T2	1634
400-U2	1634
400-V2	1634
400-W2	1635
400-X2	1636
400-Y2	1637
400-Z2	1637
400-A3	1638
400-B3	1639
400-C3	1639
400-D3	1640
400-E3	1640
400-F3	1641
400-G3	1641
400-H3	1642
400-J3	1643
401	1644
407	1647
407-A	1647
407-B	1648
407-C	1648

Exhibit—Continued.

	Page
407–D	1648
407–E	1649
407–F	1649
407–G	1650
407–M	1652
407–N	1653
407–O	1654
407–P	1654
407–Q	1656
408	1656
408–A	1657
408–B	1657
408–C	1658
408–E	1659
408–F	1660
408–G	1661
408–H	1661
408–I	1662
408–J	1663
408–K	1664
408–L	1664
408–M	1665
408–N	1665
408–O	1666
408–P	1666
408–Q	1667
408–R	1668
408–S	1668
408–T	1669
408–U	1669
408–V	1669
408–W	1670
408–X	1671
408–Y	1671
408–Z	1672
408–A1	1672
408–B1	1673
408–C1	1673
408–D1	1674
408–E1	1674
408–F1	1675
408–G1	1675
408–H1	1676
408–I1	1676
408–J1	1677
408–K1	1678
408–L1	1679
409	1680
409–A	1681
409–C	1682
409–D	1682
409–E	1683
409–F	1683

Exhibit—Continued.

	Page
409–G	1684
409–H	1684
409–I	1685
411	1685
411–A	1685
411–B	1686
411–C	1686
412	1687
412–A	1687
412–B	1688
412–C	1688
412–D	1688
412–E	1689
412–F	1689
412–G	1690
412–H	1690
412–I	1691
413	1691
413–B	1692
413–C	1692
413–D	1693
413–E	1693
413–F	1693
413–G	1694
413–H	1694
413–I	1695
413–J	1695
413–K	1696
413–L	1697
415	1697
416	1698
417	1698
418	1699
418–A	1699
418–B	1701
418–C	1701
418–D	1703
419	1704
419–A	1705
419–B	1705
419–D	1705
419–E	1706
419–F	1706
419–G	1707
419–H	1707
419–I (explanation)	1707
419–J	1708
419–K (explanation)	1708
419–L	1708
419–M	1709
419–N (explanation)	1709
419–O	1709
419–P	1710

Exhibit—Continued. Page

419–Q ... 1710
419–R ... 1710
419–S ... 1711
419–T ... 1711
419–U ... 1712
419–V ... 1712
419–W ... 1712
419–X ... 1713
419–Y ... 1713
419–Z ... 1713
419–A1 ... 1713
419–B1 ... 1714
419–C1 ... 1714
419–D1 ... 1715
419–E1 ... 1715
419–F1 ... 1715
419–G1 ... 1717
419–H1 ... 1717
419–I1 ... 1718
419–J1 ... 1720
419–K1 ... 1720
419–L1 to 419–N1 (explanation) ... 1721
419–O1 ... 1721
419–P1 (explanation) ... 1721
419–Q1 ... 1721
419–R1 ... 1722
419–S1 ... 1722
419–T1 ... 1723
419–U1 ... 1723
419–V1 ... 1724
419–W1 ... 1724
419–X1 ... 1725
419–Y1, 419–Z1 (explanation) ... 1725
419–A2 ... 1726
419–B2 ... 1726
419–C2 ... 1727
419–D2 ... 1727
419–E2 ... 1727
419–F2 ... 1728
419–G2 ... 1728
419–H2 ... 1729
419–I2 ... 1729
419–K2 ... 1730
419–N2 ... 1730
419–O2 ... 1731
419–P2 ... 1731
419–Q2 ... 1732
419–R2 ... 1732
419–S2 ... 1733
419–T2 ... 1733
419–U2 ... 1733
419–V2 ... 1734

Exhibit—Continued. Page
419-W2 1734
419-X2 1735
419-Y2 1735
419-Z2 1736
419-A3 1736
419-B3 1736
419-C3 1737
419-D3 1737
419-E3 1737
419-F3 1738
419-G3 1738
419-H3 1738
419-I3 1738
419-J3 1739
419-K3 1739
419-L3 (explanation) 1739
419-M3 (explanation) 1739
419-N3 1740
419-O3 1740
419-P3 1740
419-Q3 1741
419-R3 1741
419-S3 1742
419-T3 1742
419-U3 1743
419-X3 1743
419-Y3 1743
419-Z3 1744
419-B4 1744
419-C4 1745
419-F4 1745
420 1746
420-B 1746
420-D 1747
420-E 1747
420-F 1748
420-G 1748
420-H 1748
420-I 1749
420-K 1749
420-L 1750
420-M 1753
420-N 1754
420-O 1754
420-P 1755
420-Q 1755
420-R 1756
420-S 1756
420-T 1757
420-U 1759
420-V 1761
420-W 1762

Exhibit—Continued. Page

420–X 1762
420–Y 1763
420–Z 1763
420–A1 1763
420–B1 1764
420–C 1764
420–D1 1764
420–E1 1765
420–F1 1766
420–G1 1767
420–H1 1767
420–I1 1768
420–J1 1769
420–K1 1769
420–L1 1770
420–M1 1770
420–N1 1771
420–O1 1772
420–P1 1773
420–Q1 1773
420–R1 1773
420–S1 1774
420–T1 1774
420–U1 1775
420–V1 1775
420–W1 1776
420–X1 1776
420–Y1 1776
420–Z1 1777
420–A2 1777
420–B2 1778
420–C2 1778
420–D2 1778
420–E2 1779
420–F2 1779
420–G2 1779
420–H2 1780
420–I2 1780
420–J2 1781
420–K2 1781
420–L2 1782
420–M2 1782
420–N2 1783
420–O2 1784
420–P2 1784
420–Q2 1784
420–R2 1784
420–S2 1785
420–T2 1785
420–U2 1785
420–V2 1786
420–W2 1786
420–X2 1786

Exhibit—Continued.

	Page
420–Y2	1788
420–Z2	1788
420–A3	1788
420–B3	1789
420–C3	1789
420–D3	1790
420–E3	1790
420–F3	1791
420–G3	1791
420–H3	1792
420–I3	1792
420–J3	1793
420–L3	1793
420–M3	1794
420–N3	1794
420–O3	1795
421	1797
421–A	1797
421–B	1798
422–A	1798
423	1798
423–A	1799
423–B	1800
423–C	1800
424 (explanation)	1801
424–A	1801
424–B (explanation)	1801
424–C (explanation)	1801
424–D	1802
424–E	1803
425	1803
425–A	1804
425–B	1804
425–C	1805
425–D	1805
425–E	1805
426	1806
427	1807
427–A	1807
427–B	1807
427–C	1808
428	1809
428–A	1811
428–B	1812
428–C	1812
428–D	1814
429	1815
430	1815
430–A	1815
430–B	1816
430–C	1816
430–D	1817
430–E	1817

Exhibit—Continued.

	Page
430–F	1818
430–G	1818
430–H	1818
430–I	1819
430–J	1819
430–K	1820
430–L	1820
430–M	1821
430–N	1821
430–O	1822
430–P	1822
430–Q	1823
430–R	1823
430–S	1824
430–T	1825
430–U	1825
430–V	1825
430–W	1826
430–X	1826
431	1827
431–A	1827
431–B	1828
431–C	1828
431–D	1829
431–F	1829
431–G	1830
431–H	1830
431–I	1831
431–J	1831
431–K	1831
431–L	1831
431–M	1832
431–N	1832
431–O	1833
431–P	1833
431–Q	1834
431–R	1834
431–S	1835
431–T	1835
431–U	1835
431–V	1836
431–W	1836
431–X	1837
431–Y	1837
431–Z	1838
431–A1	1838
431–B1	1839
431–C1	1839
431–D1	1840
431–E1	1840
431–F1	1841
431–G1	1841

Exhibit—Continued.

	Page
431–H1	1842
431–I1	1842
431–J1	1844
432	1845
432–A	1845
433	1846
433–A	1847
433–B	1847
434	1847
434–A	1848
434–B	1849
434–C	1849
434–D	1850
434–E	1851
434–F	1852
434–G	1852
434–H	1853
434–I	1853
434–J	1854
434–K	1854
434–L	1855
434–M	1855
434–N	1856
435	1857
436	1857
437	1859
437–A	1859
437–B	1860
437–C	1861
437–D	1861
437–E	1861
437–F	1862
437–G	1863
437–H	1864
437–I	1864
437–J	1867
437–K	1870
437–L	1870
437–M	1871
437–N	1871
437–O	1872
437–P	1872
437–Q	1873
437–R	1873
437–S	1873
437–T	1875
437–U	1876
437–V	1877
437–W	1877
437–X	1879
437–Y	1879
437–Z	1881
437–A1	1882

Exhibit—Continued.

	Page
437–B1	1882
437–C1	1884
437–D1	1885
437–E1	1886
437–F1	1887
437–G1	1887
437–H1	1888
438	1888
438–A	1889
438–B	1889
438–C	1890
438–E	1890
438–G	1890
438–H	1891
438–I	1891
438–J	1892
438–N	1892
438–O	1895
438–P	1897
438–Q	1898
438–U	1899
438–V	1901
438–X	1904
438–Y	1905
438–A1	1907
438–B1	1910
438–C1	1912
438–E1	1913
438–H1	1915
438–I1	1919
438–J1	1924
438–K1	1927
438–L1	1928
438–M1	1928
438–N1	1929
438–P1	1929
438–Q1 (explanation)	1931
439	1931
441	1937
441–A	1938
441–B	1939
441–C	1945
441–D	1945
441–E	1947
441–F	1951
441–J	1951
442	1952
442–A	1952
442–B	1953
442–C	1953
442–D	1954

Exhibit—Continued.

	Page
442-E	1954
442-F	1955
442-G	1955
442-H	1955
442-I	1956
442-J	1956
442-K	1956
442-L	1957
442-M	1957
442-N	1958
442-O	1958
442-P	1959
442-Q	1959
442-R	1960
442-S	1961
442-T	1966
442-U	1967
442-V	1968
442-W	1969
442-X	1969
442-Y	1970
442-Z	1970
442-A1	1970
442-B1	1971
442-C1	1971
442-D1	1972
442-E1	1973
442-F1	1973
442-G1	1974
442-H1	1974
442-I1	1975
442-J1	1975
442-K1	1976
442-L1	1977
442-M1	1977
442-N1	1977
442-Q1	1978
442-R1	1979
443	1980
443-A	1980
443-B	1980

2806 *Government Exhibit 391–WWW*

[Western Union]

SAVANNAH, GA., *May 17, 1929.*

Judge SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
129 Front St., New York, N. Y.:

Your telegram concerning *Hershey.* We are being placed at a *serious disadvantage through our inability to replenish brokers' stocks* while they can Stop. This more especially since *trade* who booked on turn last week complaining that they were misled in that they *can withdraw Hershey sugar from brokers' stocks while must take ours direct or less carload shipments* Stop. We have definite advices Hershey subbrokers going around telling trade they are going continue retain brokers' stocks, that Hershey is not member of Institute and will look out for interest small jobber and broker Stop. Whether or not this is official attitude of Pike and Company, their agents give this impression to trade and the effect is to make them feel that Institute members trying to make it hard for small jobber and broker while Hershey stands up for them Stop. To New York members Hershey may seem minor factor, but your records will show that Hershey is as much of a factor in the Southeast as Candh is in Middle West Stop. Situation further complicated by fact that many southern cities have no public warehouses, and we have persuaded several our brokers not to elect being warehousemen as we were given understand recommendation southern con-
2807 signment committee would be adopted *shortly* and most *consignment points eliminated* and we did not wish mislead our brokers Stop. Now, with refusal Colonial accept committee recommendation it may be July meeting before consignments cut out Stop. To meet competition we may be forced to turn brokers into warehousemen, temporarily, and turn them back into brokers when consignments eliminated Stop. In meantime Hershey is filling up their brokers' consignments while trying to make up their mind Stop. Regard situation as acute and will appreciate reply not later than Monday.

5:00 p. m.

PARDONNER.

(Savannah files.)

2808 *Government Exhibit 391–XXX*

NEW YORK, N. Y., *May 19, 1929.*

W. S. PARDONNER,
Savannah Sugar Refg. Corpn., Savannah Bank Bldg.,
Savannah, Ga.:

Your telegram referred to enforcement committee meeting Monday afternoon and to counsel for legal effect of failure to enforce telegrams of May second. Personally, I think sales disadvantages

described, which are probably only temporary, are unimportant compared with question of *good faith towards associates.* Spieckels has stated that his new corporation will not apply for Institute membership until he is satisfied that *agreements deliberately made around table* will be kept, and I am getting discouraged over amount of persuasion necessary to make heads of organizations keep their most important and critical agreements upon which associates have acted as soon as their sales departments report any competitive disadvantage.

7:28 a. m.

SIDNEY BALLOU.

Mr. Earl D. Babst called W. S. P. on Saturday, the 18th inst., but talked with Thomas Oxnard. Fred G. Taylor called W. S. P. on the phone Wednesday, the 22nd inst.

On Thursday, May 23rd, Wilbur L. Cummings called up in regard to the enforcement in certain sections and nonenforcement in others of resolution arrived at on May 2nd.

(Savannah files.)

2809 *Government Exhibit 391–YYY*

[Postal Telegraph]

NEW YORK, N. Y., *May 24, 1929.*

WM. S. PARDONNER,
Savannah, Ga.:

Conference with Hershey and his representatives yesterday indicates very *favorable prospects of complete cooperation* with our plan stop. Hope to have complete report by date next directors' meeting.

10:40 a. m.

SUGAR INSTITUTE.

(Savannah files.)

2810 *Government Exhibit 391–ZZZ*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 2nd, 1930.

To all members of the Sugar Institute:

GENTLEMEN: Inquiry has been directed to the Institute as to what effect, if any, the Code Rulings would have on a buying agency such as the Biscuit & Crackers Association. The inquiry states that purchases are made for members of this association through the association's New York Office, and that part of the brokerage earned is returned to the buyer. The question was asked as to whether such practice would conflict with our Rulings.

Code Rulings V, Section 5, Article 6, reads as follows:

"Service Bureaus—

"Service Bureaus are associations purporting to do brokerage service at flat rates or otherwise than at the customary brokerage fees. Their employment as brokers necessarily results in discrimi-

nation and has been condemned by the National Sugar Brokers' Association. It is recommended that this form of discrimination be avoided by members of the Institute."

Please advise us promptly whether or not you interpret the above ruling as applying to the case cited in the inquiry.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(Godchaux files.)

2811 *Government Exhibit 391–AAAA*

MAY 5, 1930.

MR. FRED G. TAYLOR,
The Sugar Institute, Inc., 129 Front Street, New York, N. Y.

DEAR MR. TAYLOR: Replying to your circular of May 2d in reference to the Biscuit and Cracker Association, there is no question in my mind but what the *Institute ruling* in reference to brokers *would prohibit the payment of any brokerage to this association.*

Very truly yours,

J. MOOG/WHF.
(Godchaux files.)

2812 *Government Exhibit 391–BBBB*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 16, 1930.

In reply please refer to B–313.

To All Members Doing Business in the State of Florida:

GENTLEMEN: At its meeting of July 9th the Executive Committee discussed the case of W. W. Jones, Broker, Tampa, Florida. The Committee recommended that this case be closed with the understanding that, if any *further violation* of the Code of Ethics occurs on the part of this broker, *he will be disqualified by the Institute.*

You will find confirmation of this in the excerpt of the Minutes of this Meeting which has been sent to you.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(American files.)

2813 *Government Exhibit 391–CCCC*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 16, 1930.

In reply please refer to B–362.

To All Members Doing Business in the State of Kentucky:

GENTLEMEN: At its meeting of July 9th the Executive Committee considered the case of the *Sinclair Brokerage Company, Campbellsville, Ky.*, and recommended that this brokerage company be disqualified.

You will find confirmation of this in the excerpt of the Minutes of this meeting which has been sent to you.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(C. & H. files.)

2814 *Government Exhibit 391–DDDD*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 16, 1930.

In reply please refer to B–313.

To All Members Doing Business in the State of Florida:

GENTLEMEN: At its meeting of July 9th the Executive Committee considered the following cases:

Peninsula Brokerage Company, Tampa, Fla.
* Florida Brokerage Company, Tampa, Fla.
O. A. Koch, Tampa, Fla.

The Committee recommended that these brokerage companies be disqualified.

(* NOTE.—This disqualification applies to Mr. Marcus Alexander who has since sold the name and goodwill of the Florida Brokerage Company.)

You will find confirmation of this in the excerpt of the Minutes of this meeting which has been sent to you.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(C. & H. files.)

2815 *Government Exhibit 391–EEEE*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 20, 1930.

Our File No. B–89–A.

To all Members Doing Business in the State of Alabama:

Subject: Alabama Brokerage Company, Tuscaloosa, Alabama.

GENTLEMEN: At their meeting of August 13th, the Executive Committee found that this brokerage company is storing sugar in its own

warehouse which is in violation of the Code of Ethics. The fact that the broker does not charge for storage does not change the Code of Interpretation. He is rendering a special service to some customers, which is a discrimination.

Your attention is called to Section V, page 2, Paragraph 2E, of the Code.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(C. & H. files.)

2816 *Government Exhibit 391–FFFF*

THE SUGAR INSTITUEE, INC.,
129 Front Street, New York, September 18, 1930.

Our File No. B–56–A.

To all Members Doing Business in the State of Iowa:

Subject: Booth Brokerage Company, Marshalltown, Iowa.

GENTLEMEN: The Executive Committee at their meeting of September 17th considered the evidence submitted in the case of the Booth Brokerage Company, Marshalltown, Iowa.

Upon Mr. Booth's admission that the Booth Brokerage Company is owned and operated entirely for the convenience of the Western Grocer Company, the Committee found that the Booth Brokerage Company was not qualified to act as a broker for members of the Sugar Institute.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(C. & H. files.)

2817 *Government Exhibit 391–GGGG*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, September 25, 1930.

Our File No. B–107–A.

To all members doing business in the State of Iowa:

Subject: Earle Brokerage Co., Dubuque, Iowa.

GENTLEMEN: At their meeting of September 24th the Executive Committee considered the evidence presented in the case of the Earle Brokerage Company, and found that they were not qualified to receive brokerage from members of the Sugar Institute.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(C. & H. files.)

2818 *Government Exhibit 391–HHHH*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 10, 1930.

Our File No. B–89–B.

To all members doing business in the State of Alabama:

Subject: Alabama Brokerage Company, Tuscaloosa, Alabama.

GENTLEMEN: At their meeting of October 8th the Executive Committee considered the evidence in the case of the Alabama Brokerage Company. The Committee found that this Company was violating its broker's pledge and the Code of Ethics by storing sugar in its own warehouse. The Committee considers that Section V, Page 2, Paragraph 2E, applies to this case.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(C. & H. files.)

2819 *Government Exhibit 391–IIII*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 18th, 1930.

File No. B–295.

Mr. WM. HENDERSON,
749 South Peters Street, New Orleans, La.

DEAR MR. HENDERSON: Replying to yours of July 15th, will say that I regret that I inadvertently misstated the exact facts in the third paragraph of my letter of July 10th, to which you refer in your letter. I should have said:

"* * * as it is apparent that the stockholders of the United Investment Corporation own one-half interest in the Consolidated Companies, and the stockholders in the Consolidated Companies own one-half interest in the United Investment Co., and that the United Investment Company is the total owner of the Progressive Brokerage Company."

The Executive Committee understood the proposition as being one of intimate stockholders' interest rather than one of corporate interest, and the proposition was discussed at some length prior to the decision that was reached.

In the course of the discussion it was pointed out that if the *procedure of disqualifying brokers*, or warehousemen, because of stockholders' affiliation was followed we would encounter many cases that were not contemplated under our original Resolution of May 2nd, as the *purpose of this Resolution was to prevent the sugar buyer from receiving some advantage in the way of sharing in the warehouseman's or broker's fee.*

I think the feeling of the Executive Committee, in the case of the Progressive Brokerage Company, was that this triangle combination of the United Investment Company, the Consolidated
2820 Companies and the Brokerage Company was a sort of family affair in which practical affiliation was to them quite apparent. I shall be glad to hear from you further or discuss the matter with you upon the occasion of your visit here next week.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(Handwritten notation:) "Taylor is a plain fool and we'd have to be rich or living South to get any of his time. Ignore him." W. H.
(Henderson files.)

2821 *Government Exhibit 391–JJJJ*

JAN. 21ST, 1930.

Mr. G. C. SMITH,
Gadsden, Ala.

DEAR SIR: We regret to advise we have been informed you are connected in some way with the Smith Feed Co. As you will recall, the Code of Ethics of the Sugar Institute, of which we are members, provides that we cannot continue as representatives anyone who is in any way affiliated with a customer. Please let us hear from you as to whether or not there is any truth in our information.

Yours truly,

WM. HENDERSON.

(Handwritten notation:) Complaint of Moog, 1/21.
(Henderson files.)

2822 *Government Exhibit 391–KKKK*

GADSDEN, ALA., *Jan. 25, 1930.*

Mr. WILLIAM HENDERSON,
749 So. Peters St., New Orleans, La.

DEAR SIR: In answer to your letter of January 21st, wish to state that I regret very much that the sugar institute's ruling and some sore-head competitor of mine objects to me representing you as your broker.

I wish to state that it has been a pleasure to handle your account and in order that all concerned may be pleased, I herewith extend you my resignation. I have a good man in mind whom I am sure would make you a good broker, have known him all my life and he is a straight, just, and upright man. He is Mr. George Breeden of this city, and if you would care to have him as a broker he states to me that he would be pleased to handle your account and I will gladly turn over to him your code books upon receipt of letter from you requesting same.

We have some brokers here whom I would regret to see have your account because they have not been straight in some of their dealings heretofore. Such things are not only detremental to them but to our city. Only a couple of years ago, or such matter, a couple of refiners were forced to enter court here just because they had placed their accounts with the wrong parties. My brokerage business has not interfered with any of my other business interest heretofore and if at any time in the future Smith Feed Company can use your products they will be glad to do so.

Yours very truly,

G. C. SMITH.

(Henderson files.)

2823 *Government Exhibit 391–LLLL*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 28, 1930.

Our File No. W–234.

Mr. WILLIAM HENDERSON,
749 South Peters Street, New Orleans, La.

Subject: P. J. Friend Warehouse, Flora, Illinois

MY DEAR MR. HENDERSON: At their meeting of August 27th the Executive Committee considered the evidence submitted in the case of the P. J. Friend Warehouse, and found it to be affiliated with the Goodale Puffer Grocery Company. We are attaching hereto a copy of the report on this warehouse for your information.

This warehouse, therefore, is not qualified to store sugar for members of the Institute, and your attention is called to Section 6, Page 2, Paragraph 8, of the Code of Ethics.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER,
Office Manager.

(Henderson files.)

2824 *Government Exhibit 391–MMMM*

SEPT. 11TH, 1930.

C. M. MIDDLETON BROK. CO.,
Springfield, Ill.

DEAR SIRS: Sad news, Mr. Middleton, sad news.

We forwarded the evidence you had collected about the T. J. Friend Whse. Co., of Flora, Ill., along with extracts from a letter we ourselves had received from Mr. Friend, to the Sugar Institute. *They did not seem to be satisfied with what we wrote but sent their*

own investigator to look into the matter, and we hand you herewith his report.

On the basis of that report, the Executive Committee of the Institute decided on Aug. 28th that T. J. Friend Whse. Co. was affiliated with the Goodale-Puffer Co. and should not therefore be used for storage of sugar belonging to members of the Institute.

Necessarily, we are willing to maintain the position that we have to put enough sugar in that warehouse in any assortment desired to take care of outstanding contracts, but after that has been done we can no longer use its facilities.

Where Mr. Friend's letter to us broke down was his own admission that he used Mr. Cosby to handle the warehouse during his absence, and that, of course, indicated the connection which the follow-up of the Institute investigator seems to prove unethical.

This is certainly *sad medicine both for you and for us*, as that is one market where we have always had a steady flow of sugar. Please again make every effort to locate another warehouse, as if that is not possible, it may very well mean our old friends will drift away from us.

The report is more or less of a confidential nature, and we must have it returned immediately that you have gone over it.

Yours truly,

WM. HENDERSON.

(Henderson files.)

2825 *Government Exhibit 391–NNNN*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 3, 1930.

Our File No. W–254.

To All Members Doing Business in the State of Arkansas:

Subject: Wortz Storage Company, Ft. Smith, Ark.

GENTLEMEN: At their meeting of October 1st the Executive Committee considered the evidence submitted in the case of the Wortz Storage Company, and found that this warehouse was not qualified to store sugar for members of the Sugar Institute.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(Henderson files.)

2826 *Government Exhibit 391–OOOO*

[Telegram]

OCTOBER 6, 1930.

MR. FRED G. TAYLOR,
The Sugar Institute, Inc.,
129 Front St., New York, N. Y.:

I have been asked an interpretation of the following question. Stop. Can a broker who has a warehouse used for the storage of various grocery articles accept for storage at regular rates sugar not *belonging to any member of the Institute?*

F. R. VAN BUREN.

(Henderson files.)

2827 *Government Exhibit 391–PPPP*

[Telegram]

OCTOBER 6, 1930.

FRANCIS R. VAN BUREN,
414 Masonic Temple Bldg.,
New Orleans, La.:

It would be considered a violation of the code of ethics for a broker to store any sugar, regardless of ownership, in his own warehouse.

THE SUGAR INSTITUTE.

(Henderson files.)

2828 *Government Exhibit 391–QQQQ*

OCT. 7TH, 1930.

L. C. WATKINS & CO.,
Columbus, Ga.

DEAR LUTHER: You seem to have entirely disregarded the suggestions I made in a letter of about a month ago and I might just as well call a spade a spade and get the matter straightened out.

A good friend of mine, who is an official in one of the other refineries, wrote me that their representative (not their broker) reported as follows:

That you were *still carrying consigned stock;* that *you were storing sugar* and it was common gossip around town that you would have a jobber take a car on four-payment plan, have it placed in your warehouse; and you would help jobber sell the sugar which would in effect make the car a consigned stock. He went on to say that you contended there was nothing wrong in this and you were going to continue the practice.

So much for the field man's report. The refiner could simply have reported to the Institute and had their *blood hounds* on your

trail which would have ended the whole matter very unhappily, at least from my personal standpoint. Instead of that, he wrote this personal letter which really gives me a chance to see if we cannot get you lined up right.

We quote an official wire from the Sugar Institute—

"It would be considered a violation of the Code of Ethics for a broker to store any sugar regardless of ownership in his own warehouse."

We also quote, without using names of course, from copy of minutes of the Sugar Institute which shows how that handle complaints similar to this particular one when it is acted on officially by the Institute:

"* * * Brokerage Co. * * * The Committee considered the evidence submitted in the case of the * * * Brokerage Co., and found that this company was not qualified to act as a broker for members of the Institute."

You see, Luther, it is like this. *When you sit in a poker game, you play according to the rules of the town* where you are playing; when you play baseball, you play according to their rules, but in neither case can you change up the rules to suit your own comfort and convenience. Right now we can see your side perfectly
2829 well and realize that strict adherence to the Institute's rules not only are *disagreeable* to you but they will really *cost you some money* but we honestly do not see any out. You can see perfectly well that if you do not play a game the way the rules read, you will simply not play the game at all, not only with us but with any other Institute refinery. In the back of your head you might have a feeling that you could work Hershey to good advantage but against that is the very considerable probability that Hershey will come into the Institute before so very long and that will automatically iron you out at such time.

Necessarily, the thought of not having Luther Watkins on the Henderson list is just about like poison to me. I have done and will do everything in our power to make the Henderson account worth your having, giving you preferred treatment on sugar and shipments, and working contracts, as far as I am able, to advantage of buyers but *there are some rules of the Institute I cannot break down*, and there is no good promising I can. If you want help to further your distribution, either a field man to see the merchants or retail man to work the trade, we will give you the best possible cooperation and sincerely hope that you will not let this matter drift but will write me right away telling me that you will get the Columbus situation straightened out.

Yours truly,

WM. HENDERSON.

(Henderson files.)

2830 *Government Exhibit 391–RRRR*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, November 14, 1930.

Our File No. B–110–A.

To all Members Doing Business in the State of Louisiana:

Subject: Haas Investment Co., Alexandria, La.

GENTLEMEN: At their meeting of November 13th the Executive Committee considered the evidence submitted in the case of the Haas Investment Company.

In view of the fact that Mr. Haas, of the Haas Investment Company, is a stockholder and director of the Avoyelles Wholesale Grocery Company, it would appear that under Section V, Page 2, Paragraph E, this Company is not qualified to receive brokerage from members of the Sugar Institute.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(Henderson files.)

2831 *Government Exhibit 391–SSSS*

Exhibit 391–SSSS (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from Colonial to its brokers, dated May 6, 1929, substantially identical with Exhibit 391.

2832 *Government Exhibit 391–TTTT*

[Copy]

COLONIAL SUGARS COMPANY,
Whitney-Central Building, New Orleans, La., May 6th, 1929.

COLONIAL SUGARS COMPANY,
136 Front Street, New York, N. Y.

(Attention Mr. Newman.)

GENTLEMEN: We have your telegram of even date reading:

"Sugar Institute adopted recommendation that no brokerage be paid anyone interested in warehousing or merchandising sugar and that no further sugar be stored in sugar brokers' or customers' warehouses Stop. We advise that we have adopted such recommendation as our policy. Brokerage will be paid on sales through brokers out of stocks now consigned to brokers' warehouses. Please advise our New York office, one thirty-six Front Street, by wire today whether you and your affiliated interests desire deal with us, either as broker, warehouseman, or merchant. Any position taken with us must be consistent with that taken by you with any of our competitors Stop. We have wired above notice direct to all subbrokers."

and we will be governed accordingly.

The recommendation as above will affect the following points in the Southern territory: Mobile, Ala.; Montgomery, Ala.; Atlanta, Ga.; Chattanooga, Tenn.; Birmingham, Ala.; Bessemer, Ala.; Tuscaloosa, Ala.; Louisville, Ky.; Nashville, Tenn.; Lexington, Ky.; Paducah, Ky.; Knoxville, Tenn.

Yours very truly,

COLONIAL SUGARS COMPANY,
C. N. WOGAN, *Gen'l Ag't.*

(Colonial files.)

2833 *Government Exhibit 391–UUUU*

[Western Union]

MAY 8, 1929, 11:45.

RALEY BROS., INC.,
110 Peter St., Atlanta, Ga.
YAZOO BROKERAGE CO.,
Yazoo City, Miss.
PANKEY BROKERAGE CO.,
Corinth, Miss.
E. L. COOK & CO.,
1000 Carter St., Chattanooga, Tenn.
E. R. WADE CO., INC.,
117 Jackson St. West, Knoxville, Tenn.

Referring to our telegram of May sixth, to which we have as yet received no reply, please be advised that we cannot accept business from any person, firm, or corporation until their status as broker exclusively, or as merchant exclusively, or as warehouseman exclusively, has been notified to us and satisfactorily established.

COLONIAL SUGARS COMPANY.

(Colonial files.)

2834 *Government Exhibit 391–VVVV*

Exhibit 391–VVVV (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from Colonial to the Alabama Brokerage Co., Bessemer and Tuscaloosa, Ala.; the Walters & Weir Brokerage Co., Birmingham, Ala.; and the Watson Brokerage Co., Mobile, Ala., dated May 8, 1929, identical with Exhibit 391–UUUU.

2835 *Government Exhibit 391–WWWW*

Exhibit 391–WWWW (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from the Institute to Savannah, dated May 7, 1929, identical with Exhibit 391–G.

2836 *Government Exhibit 391–XXXX*

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
129 Front Street, New York City, May 3, 1929.

Messrs. D. BROWN & Co.,
New York City.

GENTLEMEN: Referring to the Sugar Institute's recommendation that no brokerage be paid to anyone interested in warehousing or merchandising sugar, and that no further sugar be stored in sugar brokers' or customers' warehouses, wish to advise that we have adopted such recommendation as our policy.

Brokerage will be paid on sales through brokers out of stocks now consigned to brokers' warehouses.

Please advise us by letter whether you and your affiliated interests desire to deal with us either as broker, warehouseman, or merchant. Any position taken with us must be consistent with that taken by you with any of our competitors.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.

MAY 6TH, '29.

THE NATIONAL SUGAR RFG. CO.:

Referring to the above, I act solely as a broker and deal only in that capacity.

EDWARD CREWE,
Successor to David Brown & Co.

(National files.)

2837 *Government Exhibit 392*

[Telegram]

[Handed to Mr. Douglas personally]

APRIL 12, 1929.

J. O. DOUGLAS,
Domestic Sugar Bureau,
420 South LaSalle St., Chicago, Ill.:

Eastern and Southern refiners current announcements have shown *diversity* as to *terms of payment* on differential route shipments. *At Directors' meeting yesterday all members announced intention of making terms substantially as follows:* Quote. "On shipments moving via Mississippi Warrior line or other Mississippi River barges to territory where the ruling freight basis is higher than the freight over the route used and on all water shipments to Lake ports west of Buffalo date discount period commences *is seven days after date of shipment.*" Unquote. The effect of this is to *require payment fourteen days after shipment in cases specified and to eliminate arrival terms on* Mississippi barge shipments moving

into territory where lake and rail is present selling basis and also to eliminate arrival terms on all water shipments from New York by canal and lake. Stop. These announcements will be effective immediately on new business. Will forward such announcements as made.

THE SUGAR INSTITUTE.

2838 *Government Exhibit 393*

[Copy Postal Telegram]

AUGUST 30, 1928.

Mr. THOMAS OXNARD,
Savannah Sugar Refining Corp.,
Savannah Bank & Trust Co. Bldg.,
Savannah, Georgia:

Please approve the following before we release. Quote. "Throughout our entire territory we will apply the Savannah rail rate, Baltimore rail rate, Baltimore water-and-rail rate, and Federal Barge rate, whichever is lower on existing contracts and on new business Stop. Our rate to Charleston and Wilmington will be twenty cents; Jacksonville, nineteen cents Stop. Newburn and Norfolk existing contracts will take old rate. New business, Norfolk, twenty cents, no drayage allowance; Newburn, thirty-six cents" Unquote. New York refiners applying new rate at Norfolk and Newburn on all new business and all uncompleted contracts dated on and after August twenty-seventh. Refer to Americans and Nationals announcement.

THE SUGAR INSTITUTE, INC.

2839 *Government Exhibit 393–A*

[Copy Western Union Telegram]

SAVANNAH, GA., *Aug. 30, 1928.*

THE SUGAR INSTITUTE,
129 Front St., New York, N. Y.:

Throughout our entire territory we will apply the Savannah rail rate, Baltimore rail rate, Baltimore water and rail rate, and Federal Barge rate, whichever is lower. Stop. Our rates to Charleston and Wilmington will be twenty cents; Jacksonville, 19; Newbern, North Carolina, thirty-six; Norfolk, Twenty and a half. No Drayage allowance.

SAVANNAH SUGAR REFINING CORP.

2840 *Government Exhibit 393–B*

[Copy Western Union Telegram]

SAVANNAH, GA., *Aug. 31, 1928.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

You may release our announcement as follows: Quote Throughout our entire territory we will apply Savannah rail rate, Baltimore rail rate, Baltimore water and rail rate, or Federal barge rate, whichever is lower on existing contracts, and on new business, except in Newbern, North Carolina, and adjacent territory where we will apply the old rate on existing contracts and thirty-six-cent rate on contracts on and after August twenty-seventh. Stop. Our rate to Charleston and Wilmington will be twenty cents; Jacksonville, nineteen cents; Norfolk, twenty and one-half cents. No drayage allowance.

SAVANNAH SUGAR REFINING CORPN.

2841 *Government Exhibit 393–C*

[Copy Postal telegram]

AUGUST 27, 1928, 10:20 a. m.

Address as per attached list:

Savannah announces: Quote Throughout our entire territory we will apply Savannah rail rate Baltimore rail rate Baltimore water and rail rate or Federal Barge rate whichever is lower on existing contracts and on new business except in New Bern North Carolina and adjacent territory where we will apply old rate on existing contracts and thirty-six cent rate on contracts on and after August twenty-seventh Stop. Our rate to Charleston and Wilmington will be twenty cents Jacksonville nineteen cents Norfolk twenty and one-half cents. No drayage allowage Unquote.

THE SUGAR INSTITUTE.

2842 *Government Exhibit 393–D*

[Telegram]

AUGUST 27, 1928.

WM. S. PARDONNER,
Savannah Sugar Refining Corporation,
Savannah Bank & Trust Co. Bldg., Savannah, Ga.

All interested refiners here agreeable to advancing to thirty-four cent New Bern rate effective August thirtieth on all new business on and after August twenty-seventh change will not apply to unfilled contracts Stop. This arrangement also contemplates Baltimore all rail rate of twenty and one-half cents to Norfolk Stop. Please wire approval.

THE SUGAR INSTITUTE.

(Savannah files.)

2843 *Government Exhibit 393–E*

[Telegram]

SAVANNAH, GA., *August 27, 1928.*

THE SUGAR INSTITUTE,
129 Front St., New York, N. Y.:

Your telegram concur in new rates to New Bern and Norfolk provided Philadelphia refiners also included Stop. *Our understanding however Baltimore water and rail rate to New Bern North Carolina* takes basis fifteen in Agent Cottrells I. C. C. number seven one seven which is thirty-six cents and have wired Ripley of American to that effect Stop. In interests of harmony willing to accept thirty-four cents to New Bern twenty one-half cent to Norfolk but since these poins are being put on all rail or water and rail basis why should not thirty-six cents be used to New Bern?

THOMAS OXNARD.

(Savannah files.)

2844 *Government Exhibit 394*

(Letterhead of Godchaux Sugars, Inc.)

NEW ORLEANS, *March 6, 1930.*

Mr. FRED G. TAYLOR,
The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR MR. TAYLOR: Referring to your wire of the 5th, in which you ask for suggestions of items of agenda for the meeting of March 13th, I believe the most important topic to be discussed is the necessity for determining whether the discussion held at the meeting of the first week of December as to announcements of changes of terms was intended to be observed.

I consider that one of the most important matters discussed at that meeting was the adoption of a policy by all members that *before they made any drastic changes in the selling terms, they would, if possible, await a Directors' Meeting at which this question could be discussed by all* at interest, or if the matter was of vital importance, that a special Directors' Meeting would be called for a discussion of same before action were taken, rather than after the taking of the contemplated action.

What I have specifically in mind in this regard is the action taken by the American Sugar Refining Company in announcing the Four Payment Plan in Texas, which then, as you know, spread all through the United States and was then withdrawn and left in effect only in the original territory where it applied.

Similarly, the announcement of Arbuckle as regards the 10¢ drayage allowance in New York, which, it looks at this writing, is going to affect the basic rate structure of the East and Middle West.

Our Company was severely criticized at the December meeting for having made the announcement as regards the *rate application*
2845 in the South, which was later withdrawn, and our action at that time was taken as an example for discussion as to the harmful effects of this announcement, and it was pointed out to us that in order to have the Sugar Institute function properly an announcement of this kind should not be made until after all members had an opportunity of meeting, and those feeling themselves aggrieved would, at such meeting, present their views, and then if such meeting did not bring about a correction of the situation complained of, any member would then be fully privileged to make public announcement of the change in selling terms.

Unless the points raised herein can be satisfactorily dealt with at the next meeting, then *I fear that the Institute is only* functioning *as a clearing house* and not functioning for the betterment of sales methods in the Sugar industry.

Very truly yours,

(sgd.) J. Mooc.

(Institute files.)

2846 *Government Exhibit 395*

[Copy]

Memorandum

To: Arbuckle Brothers, re Austin Nichols Company.
From: S. Ballou, Exec. Sec'y.

As you are aware, the Sugar Institute is liberal in its rulings in cases where all hands are satisfied bona fide that a *clerical mistake* has been made, provided notice of the *alleged mistake with its circumstances is first brought* to the attention of the Sugar Institute for its scrutiny.

If, in view of the standing of the customer, his usual habit of ordering in barrels if such is in fact the case, his previous record, etc., you are so satisfied, you would be at liberty to fill this contract in the amount claimed by the customer.

In view of the evidence before us, particularly the fact that a confirmation of the order for 750 bags was mailed to the buyer on November 28th and no objection was taken to this until today, we could not be satisfied that the buyer had made a bona fide mistake. It is only because there may be other circumstances not appearing on the face of the record that we refer this back to you at all.

You can readily understand that to treble a buyer's order 15 days after a price advance, merely upon his claim that he had ordered barrels instead of bags, without supporting circumstances, would be an unfortunate precedent.

SIDNEY BALLOU,
Executive Secretary.

DEC. 13, 1928.

Judge BALLOU;
I declined to increase the quantity.

CODY.

(Institute files.)

2847 *Government Exhibit 396*

AUGUST 25, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

DEAR SIRS: Referring to "Code Interpretations", Section I, Page A-2, paragraph 5, we beg leave to quote from the August 21st issue of the "Weekly Statistical Sugar Trade Journal", as follows:

"On Tuesday, after the usual hour of announcing of such changes, some of the refiners reduced their price to the basis of 4.40¢, and stated that this 4.40¢ basis would be effective from the opening of that day (Tuesday). The change was made effective at the opening, even though this change was announced late in the day. As is usual with such late changes, they only lead to further unsettlement of price, as on Wednesday all refiners throughout the United States reduced their price to the 4.35¢ basis, this being effective at the opening of business on Wednesday, August 20."

Yours very truly,

LOUIS V. PLACÉ, JR.

(McCahan files.)

2848 *Government Exhibit 396-A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, September 11, 1930.

Mr. LOUIS V. PLACÉ,
The W. J. McCahan Sugar Refining & Molasses Co.,
101 South Front Street, Philadelphia, Pa.

MY DEAR MR. PLACÉ: Your letter of August 25th quoting an excerpt from an editorial which appeared in Willett & Gray regarding the time for price changes has been discussed by the Executive Committee. The Committee has requested us to inform you that the an-

nouncement to which the editorial refers was a mistake on the part of the refiner making the announcement, and to assure you that it will not happen again in the future.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
W. W. PATTERSON.

(McCahan files.)

2849 *Government Exhibit 397*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, September 26, 1930.

To all Members of the Sugar Institute:

The Executive Committee has requested that we call the attention of all members to Section I, Page A–2, Par. 5 of the Code Interpretations, which reads:

"Except to meet a competitive price already announced, the Institute recommends to its members that they announce changes in price not later than three o'clock. Such timely announcement will enable a price change to receive wide publicity through the evening and morning papers. It will furthermore help to establish uniformity of practices which will be appreciated by the trade."

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(McCahan files.)

2850 *Government Exhibit 398*

JANUARY 27, 1928.

Mr. M. J. GOETZINGER,
Secretary The Executive Committee, Sugar Institute,
c/o Arbuckle Brothers, 71 Waten Street,
New York City, N. Y.

DEAR MR. GOETZINGER: In reference to the report that was to be sent to the Secretary of the Institute regarding contracts running over thirty (30) days, all the Directors left the last conference in December with a moral obligation not to enter any contracts for over a thirty-day period, carrying rebates, or any of the other evils condemned in the Code of Ethics as then formulated.

We have strictly adhered to this obligation and have not made any contracts of this character. I have had our office make a thorough check, and the only obligations we have, *out-side of a thirty-day period*, are those entered into before the December meeting, as follows.

We are under obligation to deliver sugar in bulk or in their own containers to three (3) different customers for their requirements *during the year.* All three of these are manufacturers, and *we have done more or less of this sort of business for several years*, and simply arranged to carry on what had been *originated by our Associates during the past several years* they have been connected with the disposal of the product of this plant.

Outside of the above, we have no obligations extending over *a thirty-day period* from the time the contracts were taken, and all business done since the 7th of January, which we must confess has been very light, *has been taken under the rules as outlined in the Code of Ethics.*

Yours very truly,

PENNSYLVANIA SUGAR COMPANY,

General Manager.

(Pennsylvania files.)

2851 *Government Exhibit 398–A*

FEB. 10TH, 1928.

Judge SIDNEY BALLOU,
The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

DEAR SIR: I beg to report that since the formation of the Institute we have made one contract to a manufacturer for delivery over a period of more than thirty days. In this we were at the time under the impression that we were within the Code. We will, of course, in the future make no more such contracts.

We enclose a copy of said contract for your files.

Yours truly,

WM. HENDERSON.

(Henderson files.)

2852 *Government Exhibit 398–B*

JAN. 10TH, 1929.

Mr. M. E. GOETSINGER,
Secty. The Sugar Institute, Inc., New York, N. Y.

DEAR SIR: In accordance with understanding reached by members of the Sugar Institute, Inc., at their meeting on Saturday, we beg to advise that we have only one contract which will be in force after January 31st, 1928. Contract of Nov. 22d, 1927, to Gilmer Gro. Co., Memphis, Tenn., for 2,400 sacks gives them option of February shipment at 5.95 basis f. o. b. New Orleans.

Yours truly,

WM. HENDERSON.

(Henderson files.)

2853 *Government Exhibit 399*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 26, 1929.

Mr. W. H. HOODLESS,
Pennsylvania Sugar Company,
1037 North Delaware Avenue, Philadelphia, Pa.

MY DEAR MR. HOODLESS: Referring to your letter of April 20th, including the copy of a letter from K. D. Pierson regarding the status of the Gate City Warehouse Company in Winona, Minnesota, we call to your attention Section II, Paragraph I, of the Institute Code Rulings No. 4, which we quote herewith:

"1. Breach of Code by Competitors:

"No breach of ethics by a nonmember of the Institute, even if resulting in a competitive advantage, will justify an individual violation of the Code of Ethics by a member of the Institute. If conditions warrant, the Institute may take *concerted action* in the matter."

From this it is apparent that, although the beet-sugar companies are still using this warehouse, there is no justification for a member of the Institute violating the Code of Ethics. In this connection we call to your attention the fact that the only other member of the Institute using this warehouse upon discovery of its status has discontinued storing in it.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Pennsylvania files.)

2854 *Government Exhibit 399–A*

APRIL 30, 1929.

Hon. SIDNEY BALLOU,
Executive Secretary Sugar Institute, Inc.
New York City.

DEAR MR. BALLOU: Replying to your letter of April 26th in regard to the Gate City Warehouse Company, Winona, Minn., we have instructed our broker to discontinue the use of this warehouse.

Very truly yours,

PENNSYLVANIA SUGAR COMPANY,

Sales Manager.

(Pennsylvania files.)

2855 *Government Exhibit 400*

SAVANNAH, GEORGIA, *January 30, 1929.*

Mr. C. H. WHITE, JR.,
General Sales Manager The American Sugar Refining Company,
117 Wall Street, New York, N. Y.

Personal

DEAR MR. WHITE: Thank you very much for your letter of January 26th. The going at Chicago certainly was strenuous, but I managed to weather the storm and arrived home in good shape.

We are storing in the Beacon Warehouse in Evansville. This is a public warehouse, but I heard while in Chicago that it was owned by the same Interests which owned the Creasey Corporation. I have written to our broker in Evansville, Ind., to find out if any other refiners are storing in this warehouse. If we are the only ones storing there and you feel that this is a private warehouse, we shall be very glad to discontinue using it. *If other refiners store there, we shall discontinue, provided they do so.*

I shall communicate further with you when I receive a reply from Evansville.

With personal regards,
Very truly yours,

SALES MANAGER.

(Savannah files.)

2856 *Government Exhibit 400-A*

JANUARY 30, 1929.

Mr. CHARLES D. BRUYN.
Mr. CHARLES B. CASTLE.

Proposed Warehouse Contract Clause Sponsored by The Sugar Institute, Inc.

The provisions of this agreement are particularly stringent. *The practice* which this clause is expected to control has *not been indulged in with Warehouses generally in Chicago.*

In view of this condition and the strong terms of the contract, in the writer's opinion, *it is hardly fair to request a Warehouse having an unquestioned reputation to sign such a document.*

Certain warehouse men in various sections of the country are members of the American Warehousemen's Association having headquarters at 222 W. Adams Street, Chicago. While it is true the American Warehousemen's Association cannot boast of a one-hundred-percent warehouse membership, a large proportion of the Warehouses in the more important distributing points are members.

According to the records of the American Warehousemen's Association, seventeen Chicago Warehouses are members. Would it not be possible to enlist the cooperation of the American Warehousemen's Association in eliminating practices which this clause is designed to curb.

(National files.)

2857 *Government Exhibit 400–B*

[Telegram]

NEW YORK, N. Y., *May 17, 1929.*

W. S. PARDONNER,
Savannah Sugar Refg. Corp.,
Savannah Bank and Trust Bldg., Savannah, Ga.:

American advised that Savannah shipped two cars of sugar to their brokers warehouse at Rome, Ga., which cars arrived there May fourteenth. This makes Americans situation quite embarrassing with their brokers who also operate warehouses in that locality Stop. Kindly investigate this matter and advise us.

THE SUGAR INSTITUTE,

(Savannah files.)

2858 *Government Exhibit 400–C*

C. J. IRWIN COMPANY,
530 Elliott Square, Buffalo, N. Y., May 24th, 1929.

Mr. C. D. BRUYN,
New York City.

Larkin Terminal Warehouse

DEAR SIR: We understand from Mr. Castle that he is still holding two consignment orders covering sugars we ordered to the above warehouse. It is further my understanding that Mr. Wilson called on you last week but on account of officials of the Institute being busy, you were not able to place Mr. Wilson in touch with the Institute. I would appreciate it if you would ask Mr. Castle to show you my letter dated May 14th. The Larkin Terminal Warehouse is strictly a legitimate public warehouse. They store merchandise of all descriptions, including automobiles. It is wholly unfair for the Institute to rule against the Larkin Warehouse because the Larkin Company happen to be buyers of sugar. I had a talk with Mr. Wilson this morning, and speaking to you confidentially and not to go beyond you, he told me he did not care whether the National shipped any more sugars on consignment or not, because other refiners had

indicated that they would continue to ship sugars to the Larkin Terminal Warehouse the same as to any other public legitimate warehouse. He further stated that he did not understand why the National should agitate the matter when the other refiners are not doing so. It appears to me that we are going to lose the Larkin business unless you meet the *competition, which is legitimate in every sense of the word.* I have urged Mr. Wilson to visit you again, and if necessary, appear before the Institute and get the matter straightened out for once and for all. Unless his plans have changed, he will be in New York next Tuesday morning, May 28th. I trust you will be there and that you will take him to the Institute and permit him to explain the situation as it pertains to his company. It is true the Larkin Company operate 105 chain stores and they buy sugar. It is also true that we sell other buyers who prefer to take deliveries from Larkin Warehouse, and these buyers are:

Rodak Grocery Corp.,
Jane Elizabeth Candies, Inc.,
General Baking Company,
Adam Boeckel & Son,
Salesmen's Grocery Corp.

These buyers are nearer the Larkin than they are to any of the other public warehouses. What I cannot understand is why
2859 the National are bending over backwards on this matter when the other refiners are willing to continue as heretofore because, regardless of the Institute, the Larkin Warehouse is legitimate and should not be classed with so-called "illegitimate" warehouses, where buyers or brokers are interested directly or indirectly. We have come to the parting of the ways with the Larkin Company, and it seems to me that the proper move would be to take a definite stand with the Institute and tell them very plainly that you intend to ship sugars on consignment to the Larkin Terminal Warehouse and then go ahead and do it. Please pardon my apparent dictation, which is not meant as such, but the rule of reason should apply when that reason is based on the common sense way of looking at the matter. *The Larkin Terminal Warehouse is a public warehouse, open to all.* We advised Mr. Castle on May 14th that the Larkin Terminal Warehouse *handles 148 different storage accounts*, which is sufficient evidence to prove that they are legitimate. Please advise definitely one way or the other as soon as possible, and oblige,

Very truly yours,

C. J. IRWIN.

(National, files.)

2860 *Government Exhibit 400–D*

JUNE 3, 1929.

C. J. IRWIN, *Buffalo, N. Y.*

DEAR SIR: We are in receipt of your letter of May 24 addressed to the writer in regard to the Larkin Terminal Warehouse.

We do not know why Mr. Wilson makes the statement that we are agitating this matter for we are not. A certain resolution was passed by the Institute, copy of which you received, and think if you will read it carefully there is *nothing that we can do about it unless we make an exception to the rule*, which of course you know is a very dangerous thing to do and one which we are not willing to do.

We think it is very unfair of them to put the matter up to the National in the way they have, and speaking to you confidentially *we do not believe that any other refiner will ship to their warehouse. They cannot do it and live up to the spirit of the Resolution.* When we decided to adopt the suggestion of the Institute we were aware that there would be some cases where it would work to our disadvantage, but think you cannot help but agree with us that on the whole it should work to the advantage of all concerned. It certainly should work to your advantage.

Mr. Wilson explained the entire situation to us and we can understand just how they feel about it and *we admit it is a regular public warehouse but we have the same situation in a great many other cases and have taken a firm stand.* If we did not do this there are certain other buyers whose names we will not mention, who could rightfully demand that we store sugars with them. We do not believe that either you or the Larkin Terminal Warehouse have looked at the matter from the proper standpoint. This is particularly true of you for you know the experience you have had on account of certain buyers who have been taking business away from you through their activities as warehousemen as well we merchants.

Yours very truly,

THE NATIONAL SUGAR REFINING CO. OF N. J.

(National files.)

2861 *Government Exhibit 400–E*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 16, 1929.

Mr. H. E. WORCESTER,
Revere Sugar Refinery, 15 Broad Street, Boston, Mass.

MY DEAR MR. WORCESTER: On your new warehouse list of May 22nd we note that you list W. H. Edgar & Son, in Buffalo, New York.

Since Edgar has elected to confine his activities to those of a broker, we assume that you are making no further consignments to this warehouse and are cleaning up stock now stored there.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Revere files.)

2862 *Government Exhibit 400–F*

JULY 17, 1929.

Mr. M. J. KELLNER,
317 North Eighth St., Springfield, Illinois.

DEAR BILL: The question of our storage of sugar at Columbia, Missouri, has again been put up to the Institute, and I presented the facts that we were storing with the Wabash Transfer Co., whom we knew to be owned by the Newell Wholesale Grocery Co., but that we were not selling sugar to the Newell Wholesale Grocery Co.

The Enforcement Committee of the Institute has ruled that no refiners can store sugar with anyone who is a buyer or user of sugar, even though the individual refiner himself does not sell sugar to such buyer.

This, therefore, means that we will have to discontinue storage with the Wabash Transfer Co. of Columbia, Missouri; also at any other points where we are storing sugar with anyone who is a buyer or user of sugar.

I am, therefore, writing you so you can check over your entire list and be in a position to discuss this with me when you are here on Monday.

Very truly yours,

Senior Vice President.

J. MOOG/WHF.
(Godchaux files.)

2863 *Government Exhibit 400–G.*

[Telegram]

HOUSTON, TEX., *Aug. 12, 1929—10:04 a. m.*

CALIFORNIA & HAWAIIAN SUGAR REFINING CORP.:

Warehouses mentioned your wire eighth have been discontinued by members Institute. We are taking similar action. Please wire us instructions to do so stop. New Orleans refiners have put into effect new plan on shipments to Texas points in effort to stop retransiting stop. Reference Houston Central Warehouse, Schuhmacher has two cars balance July twenty-third contract sold for delivery or shipment from this warehouse. Our idea should put two cars in this warehouse from cargo due this week to complete this obligation. Advise.

SEAVEY & FLARSHEIM BROK. CO.

(C. & H. files.)

2864 *Government Exhibit 400–H*

[Copy Postal Telegram]

AUGUST 12, 1929.

SEAVEY & FLARSHEIM BROKERAGE CO.,
Houston, Texas:

Until further notice make no further shipments for storage in following warehouses: Port Warehouse and Forwarding Company, Houston; Central Warehouse, Houston, with exception of two cars to Houston Central, for which we understand you are committed on recent contracts stop. Stocks now on hand these warehouses to be disposed of to the trade in regular course of business.

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION.

(C. & H. files.)

2865 *Government Exhibit 400–I*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, September 5th, 1929.

To Members of The Sugar Institute, Inc.:

GENTLEMEN: Will you please supply us with a report as of close of business Saturday, September 7th, of your consigned stocks in Detroit, showing:

(1) Stocks on hand in each warehouse as indicated by your books;

(2) The date and brokers number of the last Delivery from Consignment notice from each warehouse that you have received.

(3) The initial and number of carloads forwarded that have not had time to arrive, and warehouse to which they were consigned.

This information is desired to clear against our reports from Mr. Spencer, our special agent at that point.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(Revere files.)

2866 *Government Exhibit 400–J*

Exhibit 400–J (filed with the Clerk of the Supreme Court in lieu of printing) is a letter from Revere to the Institute, dated September 10, 1929, supplying the information requested by the Institute in Exhibit 400–I.

2867 *Government Exhibit 400–K*

OCTOBER 28, 1929.

S. & F., *Houston.*

GENTLEMEN: We are advised that the Institute have amended their Directors' resolution of August 1 entitled "Storage in Jobbers' Warehouse", to read as follows:

"No sugar shall be stored in a warehouse of any buyer or user of sugar, the term 'buyer' being defined as 'one who purchases sugar for merchandising or manufacturing purposes.'"

The intent of the amendment is to include retailers' warehouses.

You have two that we know of, the Gordon Warehouse at Gordon, Texas, and the Phil Asbeck Warehouse, Edna, Texas.

It is our desire to withdraw storage in all retail-owned warehouses; however, we do not wish you to be at any disadvantage with competitors.

It is therefore our suggestion that at the meeting of the Southern Enforcement Committee at New Orleans, on November 6, you offer a resolution that as to Texas all refiners are to discontinue shipments to retail-owned warehouses, effective immediately; and further require of refiners operating in Texas to submit at the following meeting a list of retail-owned warehouses in which they have balances of old stock.

Yours truly,

C. & H.

(C. & H. files.)

2868 *Government Exhibit 400–L*

DECEMBER 17, 1929.

S. & F., *Kansas City, Missouri.*

GENTLEMEN: Do all of your offices thoroughly understand the nature of the *ruling of the Institute* requiring that any member prior to storing in a warehouse which he has not hitherto used is to notify the Institute and withhold shipment for a period of *72 hours*, or until reply from the Institute is received?

The foregoing rule applies as well to warehouses in use by the Institute members, or others, as those warehouses may be in the process of investigation.

Summarizing: No shipments should be made by your offices to warehouses not hitherto listed by us in our reports to the Institute until we have been notified and, in turn, notified the Institute and reported back to you or to your office.

Very truly yours,

C. & H.

(C. & H. files.)

S. S. BOOKER,
Charleston, S. C., Nov. 30, 1929.

THE NATIONAL SUGAR REFINING CO.,
129 Front St., New York, N. Y.

GENTLEMEN: Following up my wire of yesterday and phone conversation this morning. When Mr. Martin called me yesterday advising that Clyde had notified him of this sugar I immediately got in touch with their Agent, who is a close personal friend of mine, and he told me that was the instructions from their Traffic Manager.

This is the first that I have had on refineries not storing in broker's warehouses. I know that Federal's broker carries stock in his warehouse at Charleston and he has not been advised by his refinery of the discontinuance of this practice. Unless there has been a change within the last month I am satisfied that the American and Savannah brokers at Columbia carry stocks in their warehouses. Savannah's Charleston broker has no warehouse and American's Charleston broker leave their sugars on the dock.

By very close personal attention for the last two or three weeks I have been getting some of these local jobbers to give me the preference again, because I have been giving them better *service*. Service is about the only thing that one broker can excel the other because the prices are all the same and I would certainly dislike very much to give up the storage of this sugar because it means a few cents to me but greater still is that I can watch more closely this service.

When I talked to you over the phone today it was too late to do anything towards moving the sugars off the dock as the Clyde Steamship Company closes at 2 o'clock. As requested, I would be glad to have you wire me early Monday morning. My warehouse is a cleaner warehouse at a lower rate of insurance than Martin's, and I have up now with the Underwriter's Association the matter of still further reducing insurance on my warehouse by reason of old buildings adjoining having been torn down.

We stored with Martin one time, as you know, and then it was decided that sugars could be stored with the brokers. Since that time I have had no word or intimation from any source whatever that this practice had been discontinued.

Yours very truly,

S. S. BOOKER.

(National files.)

S. S. BOOKER,
Charleston, S. C., Dec. 21, 1929.

THE NATIONAL SUGAR REFINING CO.,
129 Front St., New York, N. Y.

GENTLEMEN: I have been waiting for a reply to my letters and telegrams relative to storage arrangements at Charleston. The previous consignment, as you know, Clyde, was instructed to deliver to Martin's Warehouse. I had been storing the sugars in my house for several months previous. I have received no advices from your office relative to changing back to public warehouses and naturally have been wondering just why this was done.

I have a better warehouse than Martin, carrying a lower rate of insurance and, as you know, about the only thing that one broker has on the other is a matter of service. I would like for you to advise me what the possibilities are for returning to the system of brokers carrying sugars as I have a lease on my warehouse which was taken out when the Clyde forced us off the docks and renewal of this lease depends largely on the possibility of securing this storage again. There would be some savings, although not an awful amount, by my carrying this stock because I could frequently switch a car directly from Clyde to buyer's warehouse on the four-payment plan. American, particularly, have a little advantage on us in that they carry their stocks on the docks of the Baltimore and Carolina Steamship Company. Hershey also has large stock here on the Terminals, both of whom can deliver a car of sugar to any jobber within 12 hours. If I could order like I have been ordering, in small lots at a time, I can probably give them about as good service and save you this extra cost of handling.

I have not heard of any irregularities among the brokers for some time and it looks to me like they are playing the game in accordance with the instructions. One other thing is that this is not a big territory and the sugar brokerage is nothing like what it is in some other territories, and I can net a few dollars additional on this storage and handling. I am giving my personal attention to this sugar business. It is my desire to build it up to where I can furnish you a volume and at the same time make a little money out of it for myself.

Yours very truly,

S. S. BOOKER.

(National files.)

2871 *Government Exhibit 400–O*

DECEMBER 27, 1929.

Mr. S. S. BOOKER,
Charleston, S. C.

DEAR MR. BOOKER: We wish to acknowledge receipt of your letter of December 21 relative to storage arrangements at Charleston, S. C.

We have been going over our correspondence relative to the matter and find that we failed to definitely advise you that the *Sugar Institute had ruled that after September 13 sugar could no longer be stored in brokers' warehouses.* Your requisitions of September 25 and October 11 were consigned to your warehouse entirely through error on our part, and we regret that this has caused you to be misled until now.

We appreciate the facilities and advantages of your warehouse, but since the Sugar Institute are enforcing the rule without exception we have no option in the matter. Under the circumstances we are compelled to store all sugars for open consigned stock in Charleston in a public warehouse. We shall keep your desires in mind, and should the situation change we will advise you immediately.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.

(National files.)

2872–2873 *Government Exhibit 400–P*

SAVANNAH, GA., *Jan. 24, 1930.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.

GENTLEMEN: We have received your letter of January 21st giving a list of warehouses in which stocks should be completely eliminated on or before February 20th, 1930. The following warehouses [omitted in printing] have already been closed out.

Very truly yours,

Vice President.

TO: McC.
(Savannah files.)

2874–2875 THE SUGAR INSTITUTE, INC.,
January 21, 1930.

SAVANNAH SUGAR REFINING CORPORATION:

Warehouses [omitted in printing] from which stocks should be completely eliminated on or before February 20th, 1930.

(Savannah files.)

2876 *Government Exhibit 400–Q*

OCTOBER 15, 1929.

Mr. M. B. MURPHY,
New Orleans, Louisiana.

DEAR MR. MURPHY: The Southern Consignment Committee of the Institute have definitely recommended that the Campbell Warehouse at Atlanta, Georgia, be discontinued for consigned stocks: Will you, therefore, please make no further shipments to this warehouse and reduce stocks as soon as possible.

Mr. Crabb has recommended the Monroe Bonded Warehouse to take its place. He will get in touch with you immediately and you will please advise if this is your final selection.

Very truly yours,

General Sales Department.

ILS:LM.
(American files.)

2877 *Government Exhibit 400–R*

JAN. 29TH, 1930.

J. S. MAGEE & SON,
Cape Girardeau, Mo.

DEAR SIRS: Way back on Dec. 26th we sent to West Plains Transfer & Storage Co. a warehouse agreement similar to one we were sending to all other warehouses where we store our consignments. Their report is the only one we have open and outstanding. We wrote them a follow-up letter and have written you also to do what you could to get this agreement signed, but up to now have heard nothing from either direction.

The Sugar Institute is pressing us hard to get this agreement signed and filed with them. We therefore insist that you get in touch with these people and have our reasonable request complied with.

Yours truly,

WM. HENDERSON.

(Henderson files.)

2878 *Government Exhibit 400–S*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 27, 1930.

To Members of The Sugar Institute:

Subject: Discontinued warehouses.

GENTLEMEN: In the meeting of January 16th, the Directors *recommended that stocks in certain warehouses* and in certain territory *be liquidated by February 20th. The telegraphic reports from all of our*

members indicate that this recommendation has been followed quite satisfactorily.

While we have been notified that stocks in the warehouses and/or cities covered by the recommendation have been liquidated, we have not received official notification from our members to remove from our Warehouse List the warehouses in which these stocks had been. As long as these names remain upon the list they are a source of irritation and we would be very grateful if you will advise us not only the warehouses in which you no longer have stocks and which should be removed from the list, but also the warehouses which you intend to discontinue as soon as present stocks are exhausted.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(Revere files.)

2879 *Government Exhibit 400–T*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 9, 1930.

MR. J. MANY,
Henderson Sugar Refinery,
749 South Peters Street, New Orleans, La.

Subject: Warehouses.

MY DEAR MR. MANY: The Directors at their meeting of January 16, 1930, recommended that shipments be discontinued to warehouses from which *nonrebating agreements* have not been received. They further recommended at a subsequent meeting that the Institute be sent pledges within two weeks from the time storage commenced in any new warehouse.

In checking through our files we find that we have not received a nonrebating agreement from the following warehouse which was employed by you prior to the passing of the two-week recommendation: West Plains Transfer & Storage Company, West Plains, Missouri.

We are very anxious to get this old warehouse cleaned off our records, and we would appreciate it if you would endeavor to obtain this agreement at an early date.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER, *Office Manager.*

(Henderson files.)

2880 *Government Exhibit 400–U*

DE WITT & MEREDITH,
Knoxville, Tennessee, May 23, 1930.

WM. HENDERSON,
New Orleans, La.
(Attention Mr. Many.)

GENTLEMEN: Your letter of the 21st received.

We have written you before that it is very unpleasant and unsatisfactory for *King-Dobbs* and other customers to draw sugar from either of the storage houses in this city. King-Dobbs do not own their truck and are *compelled to hire a truck and send two men to load these trucks.*

When we had sugar in our warehouse every jobber stated our service was entirely satisfactory. As it is, we have no control of the sugar except the responsibility and the storage house received the money for handling it.

Formerly, Wm. Henderson enjoyed a nice business which was secured through personal friendship. *Since you have turned the business over to the Institute to a large extent this friendship has been destroyed*, and we hope to see the day when the Henderson Refinery will continue their business in the same pleasant manner as in former years.

With kind regards, we are,
Yours very truly,

DE WITT & MEREDITH.

(Henderson files.)

2881 *Government Exhibit 400–V*

MAY 26TH, 1930.

DE WITT & MEREDITH,
Knoxville, Tenn.

DEAR SIRS: In view of what you write, we are revising our bill against King-Dobbs where we charged them 90 sx. under date of May 12th and will bill them up with what they actually got. I have agreed with Mr. De Witt any number of times that his personal handling of our sugar out of his own warehouse was *infinitely better than they could get from any public warehouse, but we simply have to swallow the bitter with the sweet and yield to the rules of the Sugar Institute in that matter.*

But, honestly, we have difficulty in understanding why some of the buyers are not responsible for their own afflictions. Take King-Dobbs, for instance. You say they have no trucks and are therefore put to a disadvantage when they have to haul out of warehouse. Why did they not get their sugar in a carload way earlier in the life of the contract and then pay for same on the 4-installment

plan? Why don't they now buy a car on the four-way plan, so that they only have to pay piecemeal and yet get the advantage of any price changes that may occur between now and 4 weeks after arrival? It looks to us like such an easy sure way of buying sugar that we are unable to see why buyers do not jump in instead of trying a more expensive method and then cussing us out.

Yours truly,

WM. HENDERSON.

(Henderson files.)

2882 *Government Exhibit 400–W*

SAVANNAH, GA., *June 12, 1930.*

Mr. W. W. PATTERSON,
The Sugar Institute, Inc., 129 Front Street, New York, N. Y.

DEAR BILL: *We have received your memorandum No. 41 of the Enforcement Committee Proceedings* of May 29th, in which we note that it is recommended that the Tampa Union Terminal, Tampa, Florida, be discontinued *for violating the Code of Ethics.* We will be very glad to discontinue this warehouse, and will ship no further sugar to it, but there is one complication which arises. On March 13th when we were sending a boat around to New Orleans with refined sugar, we dropped off five thousand bags in Tampa. Mr. Thomas Hudgings, our broker in Tampa, who so unwisely purchased the name and goodwill of the Florida Brokerage Company, has not turned out to be a world beater by any means, and of this consignment we have still 3,744 bags left. In view of the expense entailed in moving this sugar, we would like to allow this sugar to remain in the Tampa Union Terminal Warehouse until the stock is cleaned out. Any further sugars we ship to Tampa will be shipped to some approved warehouse. Unless Mr. Hudgings accelerates his pace our sugars will probably be there until the Fall.

Very sincerely yours,

Vice President.

TO:McC.
(Savannah files.)

2883 *Government Exhibit 400 X*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 15th, 1930.

Mr. THOMAS OXNARD,
Savannah Sugar Refining Co.,
Savannah Bank & Trust Co. Bldg., Savannah, Ga.

DEAR MR. OXNARD: I have before me your letter of June 12th, addressed to Mr. Patterson, regarding your stocks in the Tampa Union Terminal, in which you explain that you had at that date 3,744 bags which probably would be slow in liquidation.

You will note by the excerpts of the Minutes which you will soon receive that this warehouse has been *disqualified*, and that *as a matter of course it comes under the provisions* of a former Resolution recommending that *all stocks in disqualified warehouses be liquidated within 30 days.*

Notwithstanding your statement that unless your broker "accelerates his pace our sugars will probably be there until Fall", we hope you will find it possible, if not convenient, to comply with the recommendations of the Executive Committee.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(Savannah files.)

2884 *Government Exhibit 400–Y*

SAVANNAH SUGAR REFINING CORPORATION,
July 22, 1930.

Memorandum to B. O. S. from T. O.:

The attached budget concerns the sugar which we have in the Tampa Union Terminal Warehouse in Tampa, Fla. This warehouse has been disqualified by the Executive Committee, and thirty days given in which to remove the stock. We put a car of 400 bags in Tampa the beginning of March and shipped 5,000 bags via boat on March 13th; of these 5,400 bags we now have 3,300 bags left. At the rate that this sugar is moving, it will take to the end of the year to get rid of it.

We are faced with two alternatives—if we remove this sugar from Tampa Union Terminal Warehouse to another warehouse, what with the cost of drayage, handling, and the extra first month's storage we shall have to pay, *it will cost us 12¢ to 15¢ a bag.* We can sell it now as frozen stock at no greater cost and also get rid of the sugar.

We might put the matter up to the members of the Institute as to which course they prefer us to take—whether they would rather see us keep it in the Tampa Union Terminal Warehouse and dispose of it at a regular price as best we can or to dump these 5,400 bags on the Tampa market as *frozen stock.*

(Savannah files.)

2885 *Government Exhibit 400–Z*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 7, 1930.

Mr. J. F. HARAHAN,
Colonial Sugars Company,
136 Front Street, New York City.

Subject: Grover Jones Warehouse, Quincy, Illinois.

MY DEAR MR. HARAHAN: At their meeting the Executive Committee found the above warehouse to be affiliated within the meaning of the

Code of Ethics, and recommended that all stocks be liquidated on or before July 17th.

As our records show that you are carrying stocks in this warehouse, we are calling this recommendation to your attention.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER, *Office Manager.*

(Colonial files.)

2886 *Government Exhibit 400–A1*

JULY 8, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

GENTLEMEN: We acknowledge your letter of July 17th, notifying us that the Executive Committee has disqualified the Grover Jones Warehouse, of Quincy, Ill., and requesting that stock be liquidated on or before July 17th.

We immediately informed our broker to this effect, instructing him that no more sugar was to be sent to this warehouse and to liquidate same by the date set.

Very truly yours,

COLONIAL SUGARS COMPANY,
C. B. NEWMAN.

(Colonial files.)

2887 *Government Exhibit 400–B1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 16, 1930.

To all members doing business in the State of Wisconsin:

GENTLEMEN: At the Executive Committee Meeting of July 9th the Committee discussed the case of the Stevens Point Warehouse, Stevens Point, Wisconsin. This warehouse was found to be affiliated by the Enforcement Committee some months ago, but the recommendation that it be disqualified was, inadvertently, left out of the Minutes of that Meeting and the case did not come to the attention of the Directors. The Executive Committee has sustained the finding of the Enforcement Committee and disqualified this warehouse.

You will find confirmation of this in the excerpt of the minutes of the Executive Committee Meeting of July 9th, which has been sent to you.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(Colonial files.)

2888 *Government Exhibit 400–D1*

SAVANNAH SUGAR REFINING CORPORATION,
Sept. 6, 1930.

Memorandum to B. A. O. from T. O.:

Friday, September 5, 1930, Mr. Moog called up from New Orleans and, among other things, complained that we were storing in Rogers, Arkansas, at the Rogers Transfer & Storage Company, and that we had not announced to the Institute that we were going to use this town or warehouse. From the files, I notice that on July 28th Courtenay sent us a telegram concerning this point and warehouse and that you replied to him that we were agreeable to store there.

Please bear in mind that one of the rules of the Institute when a new warehouse is to be used, which has not previously been on the Institute warehouse list, *a telegram should be sent to the Institute apprizing them of the fact that we desire to store there, and seventy-two hours must elapse* so that other Institute members can voice any objections they may have. We evidently did not do this in the case of Rogers, Ark., but in future bear this in mind.

(Savannah files.)

2889 *Government Exhibit 400–E1*

[Telegram]

NEW ORLEANS, LA., *Aug. 28, 1929—8: 10 p. m.*

C. H. WHITE, Jr.,
American Sugar Refg. Co., 117 Wall St., New York, N. Y.:

Honohan advises cannot ship to *Bridgman Russell* warehouse, Duluth, as this warehouse has been withdrawn from Institute records. Stop. You advised us July Hurdle Domestic Sugar Bureau decided they would continue use Bridgman Russell until investigation proves that it comes under classification of buyers' warehouse, and that we could do likewise. Stop. Has there been any change in this ruling? Karma, please.

J. C. PIERSON.

(American files.)

2890 *Government Exhibit 400–F1*

[Telegram]

NEW YORK, *August 29, 1929.*

J. C. PIERSON,
American Sugar Refg. Co.,
132 North Peters St., New Orleans, La.:

Bridgman Russell withdrawn by Institute Stop. Make no more shipments and reduce stock soon as possible Stop. Result of investigation.

I. L. SPERRY.

(American files.)

2891 *Government Exhibit 400–G1*

THE SUGAR INSTITUTE, INC.,
129 Front Street,
New York, September 18, 1930.

Mr. W. H. HOODLESS,
Pennsylvania Sugar Company,
1037 North Delaware Avenue, Philadelphia, Pa.

Subject: Becker Transfer & Storage Co., Stevens Point, Wisconsin.

DEAR MR. HOODLESS: At their meeting of Sept. 17th the Executive Committee reconsidered the evidence submitted in the attached report on the Becker Transfer & Storage Company.

In view of the fact that the warehouse space is leased from Copps Company and the fact that Copps Company are the only users of the sugar stored in this warehouse, the Executive Committee are of the opinion that this comes under the classification of special service to customers, and, therefore, find that the *warehouse is not qualified* to store sugar for members of the Institute.

Your attention is called to Section VI, Page 2, Paragraph 8, of the Code of Ethics.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER, *Office Manager.*

(Pennsylvania files.)

2892 *Government Exhibit 400–I1*

SAVANNAH GA., *Sept. 10, 1930.*

MERCHANTS TRANSFER & STORAGE CO.,
Peoria, Illinois.

GENTLEMEN: The Executive Committee of the Sugar Institute has ruled that Institute members should not pay storage to any warehouse that has not signed the Institute's form of warehouse pledge. We are, accordingly, enclosing two copies of Warehouse Agreement, one of which is for your files and the other you will please return to us.

Very truly yours,

Vice President.

TO: McC.
(Savannah files.)

2893 *Government Exhibit 400–J1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 24, 1930.

To All Members Doing Business in the State of Wisconsin:

GENTLEMEN: At its meeting of July 23rd the Executive Committee considered the case of the Watertown Storage Warehouse, at

Watertown, Wisconsin, and recommended that this warehouse be disqualified.

As you know, Section 6, Page 2, Paragraph 8 of Code Interpretations recommends that stocks in warehouses found to be affiliated, be liquidated or removed within 30 days from date of notice of such finding.

You will find confirmation of the above in the excerpt of the Minutes of this meeting which will be sent to you.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(Colonial files.)

2894 *Government Exhibits 400–K1 to 400–Q1, inclusive*

Exhibits 400–K1 to 400–Q1, inc. (filed with the Clerk of the Supreme Court in lieu of printing), are identical with Exhibit 400–J1 except as to the warehouses disqualified.

2895 *Government Exhibit 400–R1*

THE SUGAR INSTITUTE, INC.,
414 Masonic Temple, New Orleans, La., August 4, 1930.

To the Members of the Southern Committee.

Report on the Alabama Brokerage Co., Tuscaloosa, Ala.

GENTLEMEN: Pursuant of a request I made an investigation of the activities of the *Alabama Brokerage Co., Tuscaloosa, Alabama.*

I questioned the trade in general in Tuscaloosa and was informed that the *Alabama Brokerage Co. was storing sugars for the account of buyers without any storage charge*, and, furthermore, that they were lending sugars more or less indiscriminately.

I called on Mr. Birchfield, who owns and operates the Alabama Brokerage Co., and was given the following information: The Alabama Brokerage Co. leases a portion of a small building consisting of an office and a certain amount of storage space. They make a practice of storing sugars for buyers, such as the H. G. Hill & Co., of Birmingham, and also for local buyers who at any time are embarrassed for lack of storage space. Mr. Birchfield stated that this was done merely as an accommodation for the buyers and no storage charge was made for this service. At the time of my visit there were Colonial & Savannah Sugars stored there, and a carload of Hershey sugars was being unloaded. Mr. Birchfield stated that he saw no objection under the Institute Code ruling to handling a storage of sugars in this manner, since he had the *storage space available which would otherwise be unused.*

As regards the question of lending sugars, Mr. Birchfield stated that in the case of sugars belonging to local buyers, a loan ticket was

issued by the buyers who owned the sugars. In the case of sugars owned by H. G. Hill & Co., the loan ticket was made out by the Alabama Brokerage Co. He further intimated that one of the requirements where sugars were loaned to a buyer was that when the sugar was returned it must be the same brand as that originally loaned.

2896 It appears that the handling of the loan of sugars in this manner would necessitate the borrower of sugars buying a carload of the brand of sugars handled by the Alabama Brokerage Co. at some later date in order to enable them to return the same brand of sugar that they borrowed. Mr. Birchfield stated that he did not feel that this accommodation rendered to buyers was in any way a violation of the Code of Ethics.

Yours very truly,

FRANCIS R. VAN BUREN.

(C. & H. files.)

2897 *Government Exhibit 400–S1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 12, 1930.

To All Members Doing Business in the State of Wisconsin:

GENTLEMEN: At their meeting of August 6th the Executive Committee considered the evidence submitted in the case of *Kohl-Guppelt, Waupun, Wisconsin.* The Committee found that the proposed arrangement is not in accordance with the Code of Ethics.

Your attention is called to the Code of Ethics, Section 6, Page 2, Paragraph 8, which reads as follows:

"It is recommended that stocks in all warehouses found to be affiliated be liquidated or removed within 30 days from date of notice of such finding."

Very truly yours,

THE SUGAR INSTITUTE, INC.

(C. & H. files.)

2898 *Government Exhibit 400–T1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 13, 1930.

To All Members Doing Business in the State of Arkansas:

GENTLEMEN: Under date of July 24th we notified you that the Executive Committee at its meeting of July 16th found the *Lemp Storage Company, Hot Springs, Arkansas,* was affiliated and called your attention to Section 6, Page 2, Paragraph 8, of the Code of Ethics.

The thirty days will expire August 16th. Will you please notify us as of this date whether your stocks in this warehouse have been liquidated? If they have not, please report the number of bags still on hand.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(C. & H. files.)

2899 *Government Exhibit 400–U1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 15, 1930.

Mr. WALTER S. BARTLETT,
Colonial Sugars Company, 136 Front Street, New York City.

Subject: Alabama Brokerage Company, Tuscaloosa, Florida.

MY DEAR MR. BARTLETT: We are enclosing for your information a copy of Mr. van Buren's report on the Alabama Brokerage Company.

At their meeting of August 13th, the Executive Committee found that this brokerage company is storing sugar in its own warehouse, which is in violation of the Code of Ethics. The fact that the broker does not charge for storage does not change the Code Interpretation. He is rendering a special service to some customers which is a discrimination.

Your attention is called to Section V, Page 2, Paragraph 2E of the Code.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR, *Executive Vice Secretary.*

(Colonial files.)

2900 *Government Exhibit 400–V1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 28, 1930.

To All Members Storing in the State of Illinois:

Subject: Kirk Warehouse, Benton, Illinois.

GENTLEMEN: At their meeting of August 27th the Executive Committee considered the evidence submitted in the case of the Kirk Warehouse, and found it to be affiliated with the Stamper Grocery Company.

This warehouse, therefore, is not qualified to store sugar for members of the Institute, and your attention is called to Section 6, Page 2, Paragraph 8, of the Code of Ethics.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(C. & H. files.)

2901 *Government Exhibit 400–W1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, December 5, 1930.

For the information of members:

Domestic Sugar Bureau announced December 3, 1930:

"We are advised by such of our members as formerly stored in warehouse listed below, that upon information which they believe classifies such warehouse as customer's or broker's warehouse within the meaning of our Code of Ethics and interpretations thereof, they have discontinued storing their sugars therein: Kirk Warehouse—Benton, Illinois."

(C. & H. files.)

2902 *Government Exhibit 400–X1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 28, 1930.

To All Members Storing in the State of Illinois:

Subject: P. J. Friend Warehouse, Flora, Illinois.

GENTLEMEN: At their meeting of August 27th the Executive Committee considered the evidence submitted in the case of the P. J. Friend Warehouse, and found it to be affiliated with the Goodale Puffer Grocery Company.

This warehouse, therefore, is not qualified to store sugar for members of the Institute, and your attention is called to Section 6, Page 2, Paragraph 3, of the Code of Ethics.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(Colonial files.)

2903 *Government Exhibit 400–Y1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 28, 1930.

Our File No. W–200.

To All Members Storing in the State of Wisconsin:

Subject: Christiansen Warehouse, Ashland, Wisconsin.

GENTLEMEN: At their meeting of August 27th the Executive Committee considered the evidence submitted in the case of the Christiansen Warehouse, and found it to be affiliated with the Central Baking Company, a dealer in sugar.

This warehouse, therefore, is not qualified to store sugar for members of the Institute, and your attention is called to Section 6, Page 2, Paragraph 8, of the Code of Ethics.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(Colonial files.)

2904 *Government Exhibit 400–Z1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 28, 1930.

Our File No. W–247.

To All Members Storing in the State of Illinois:

Subject: Kirk Warehouse, Benton, Illinois.

GENTLEMEN: At their meeting of August 27th the Executive Committee considered the evidence submitted in the case of the Kirk Warehouse, and found it to be affiliated with the Stamper Grocery Company.

This warehouse, therefore, is not qualified to store sugar for members of the Institute, and your attention is called to Section 6, Page 2, Paragraph 8, of the Code of Ethics.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(Colonial files.)

2905 *Government Exhibit 400–A2*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, September 4, 1930.

To all Members Storing in the State of Wisconsin:

Subject: Superior & Duluth Transfer Co., Superior, Wisconsin.

GENTLEMEN: at their meeting of September 3rd the Executive Committee considered the evidence submitted in the case of the Superior & Duluth Transfer Company, and sustained their finding that this warehouse is a *subterfuge arrangement for the Eimon Mercantile Company.* Therefore, this warehouse is not qualified to store sugar for members of the Institute.

Your attention is called to Section 6, Page 2, Paragraph 8 of the Code of Ethics.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(Revere files.)

2906 *Government Exhibit 400–B2*

OCT. 20th, 1930.

C. M. MIDDLETON BROK. CO.,
Springfield, Ill.

DEAR SIR: *The Sugar Institute is hot on our trail to clean out stock in Friend Whse.*, which as you have been advised is no longer O. K. for handling of consignments. Please therefore make every effort to conclude arrangements with new warehouse about which you have written us several times and if it is possible work off balance in Friend Whse. to various Flora customers. The assortment there

only amounts to very little—192 100#, 56 4/25s, 9 10/10s and you must not forget we shall not be able to replace stock. Although not so stipulated in contracts, you must of course have realized that we only booked for distribution out of Flora consignment based on fact you could develop the new warehouse.

Yours truly,

WM. HENDERSON.

(Henderson files.)

2907 *Government Exhibit 400–C2*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 31, 1930.

(Strictly confidential.)

Mr. W. S. BARTLETT,
Colonial Sugars Company,
136 Front Street, New York City, N. Y.

Subject: Becker Transfer & Stge. Co., Stevens Point, Wisconsin.

MY DEAR MR. BARTLETT: At their meeting of October 29th the Executive Committee considered the report covering the reinvestigation of the Becker Transfer & Storage Company. The Committee found that this warehouse was affiliated with Copps Company, wholesale grocers.

It would appear, therefore, that under Code Interpretations, Section VI, Page 1, Paragraph 1, the Becker Transfer & Storage Company is not qualified to store sugar.

Your attention is called to Section VI, Page 2, Paragraph 8 of the Code of Ethics.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(Colonial files.)

2908 *Government Exhibit 400–D2*

[Telegram]

NEW YORK, *Nov. 20, 1929, 11:10 A. M.*

IMPERIAL SUGAR COMPANY,
Sugar Land, Texas:

Referring our letter October twenty-fifty, our information is that Tyler Transfer affiliated with your broker at that point and is causing serious irritation to competitors Stop. Will you withdraw without necessity of official investigation?

THE SUGAR INSTITUTE, INC.

(Imperial files.)

2909 *Government Exhibit 400–E2*

[Telegram]

SUGAR LAND, TEXAS, *Nov. 20, 1929.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Re wire we will discontinue using Tyler Transfer for storage our sugars and clean up stocks early as possible.

IMPERIAL SUGAR COMPANY.

(Imperial files.)

2910 *Government Exhibit 400–F2*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, September 12, 1930.

MR. THOMAS OXNARD,
Savannah Sugar Refining Corporation,
Savannah Bank & Trust Co. Bldg., Savannah, Ga.

DEAR MR. OXNARD: We have just received your letter of September 10th giving us a list of warehouses which do not appear on the Institute's list.

It is our assumption you have opened up these warehouses in the last few months and based on that assumption we would like to call your attention to a certain paragraph in the Code of Ethics. Section VI, Page 1, Paragraph 3 requests members to give the Institute *seventy-two hours' notice* of their intention to store in a warehouse which they have not previously used. This means any warehouse which you have not had stocks in at any time regardless of how many other members of the Institute are shown using it. All members of the Institute are now sending in the required seventy-two hour notice with exception of Savannah. We call this matter to your attention as this is a direct violation of the Code of Ethics.

We also wish to call your attention to the fact that we have not received *nonrebating agreements* from any of these warehouses, and to again call your attention to Section VI, Page 2, Paragraph 6 of the Code of Ethics which states that each refiner should get a signed agreement and file the same with the Institute within fourteen days after giving notice of such intention to use warehouse.

Will you please send us nonrebating agreements from all the warehouses included in your letter of September 10th, and see that these two provisions of the Code are followed in the future.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER,
Office Manager.

(Savannah files.)

2911 *Government Exhibit 400–G2*

[Telegram]

NEW YORK, N. Y., *Oct. 6th, 1930—10:20 A. M.*

IMPERIAL SUGAR CO.,
Sugarland, Texas:

Your error placing sugar in grocers warehouse causing embarrassment to institute and irritation to members. Unless it can be immediately liquidated we suggest it be removed to another warehouse.

THE SUGAR INSTITUTE.

(Imperial files.)

2912 *Government Exhibit 400–H2*

NEW YORK, N. Y., *Oct. 6th, 1930—10:27 A. M.*

IMPERIAL SUGAR CO.,
Sugarland, Texas:

Since sending you wire this morning suggesting liquidation of removal stocks in grocers warehouse we have received *complaint* that additional shipments your sugars received this warehouse October third which if true is most unfortunate stop. Please advise us immediately what you are doing in the matter.

THE SUGAR INSTITUTE.

(Imperial files.)

2913 *Government Exhibit 400–I2*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, December 12, 1930.

To all Members storing in the State of Wisconsin:

Subject: Miller Cold Storage Company, Wisconsin.

GENTLEMEN: At their meeting of December 11th the Executive Committee considered the evidence presented in the case of the Miller Cold Storage Company with with warehouses at Marshfield, Merrill and Rhinelander, Wisconsin, and found that, under the Code of Ethics, this warehouse does not appear to be qualified to store sugar for members of the Sugar Institute.

Very truly yours,

THE SUGAR INSTITUTE, INC.

(Revere files.)

2914 *Government Exhibits 400–J2, 400–K2*

Exhibits 400–J2 and 400–K2 (filed with the Clerk of the Supreme Court in lieu of printing) are substantially identical with Exhibit 400–I2 except as to the warehouses disqualified.

2915 *Government Exhibit 400 L2*

CLEMENT BROKERAGE COMPANY, INCORPORATED,
105 Norfolk Avenue SW., Roanoke, Virginia,
February 11, 1931.

PENNSYLVANIA SUGAR CO.,
Philadelphia, Pa.
(Attention Mr. Marke Lowe.)

GENTLEMEN: If we could get Kroger Grocery & Baking Co.'s business for their Roanoke Unit; they reimbursing us for storage in both Roanoke and Bristol, would there then be any reason for criticism or possibly any unpleasant investigation arising at a future date?

The writer is very friendly with Kroger's buyer in Roanoke. In fact, we visit in each other's homes and he has offered to give us the business, provided it could be worked out satisfactorily in Cincinnati and, from what you say, you must have a good proposition for Cincinnati as National or any other manufacturer and if this is true, we can get the business.

Kroger is very willing to pay us reasonable storage and if you are satisfied that our storing their sugar in our warehouse will not create any necessary unpleasantness for either you or ourselves, we will go after this business again and endeavor to get control of their sugar for the Roanoke Unit for Pennsylvania Sugar Co.

Hoping to hear from you by return mail,
Yours very truly,

CLEMENT BROKERAGE CO.,
By W. S. CLEMENT.

(Pennsylvania files.)

2916 *Government Exhibit 400–M2*

FEBRUARY 17, 1931.

CLEMENT BROKERAGE CO.,
Roanoke, Virginia.

GENTLEMEN: We have your letter of the 11th in further reference to storing sugar for the Kroger Grocery and Baking Co.

It has been determined the storage of sugar in the broker's warehouse for the account of the buyer, even though the broker receives compensation for such services, is a special service to that buyer and that it is contrary to the Code of Ethics.

We therefore suggest that unless you can arrange to have the sugar stored in a Public warehouse, storage to be paid direct to the warehouse by the buyer, you pursue the matter no further.

Very truly yours,

PENNSYLVANIA SUGAR CO.,

(Pennsylvania files.)

Office Manager.

2917 *Government Exhibit 400–N2*

[Copy]

THE AMERICAN SUGAR REFINING COMPANY,
February 25, 1931.

Mr. FRED G. TAYLOR,
Executive Vice Secretary, The Sugar Institute, Incorporated,
129 Front Street, New York City.

DEAR MR. TAYLOR: When it became necessary for a broker to declare himself either as an executive broker or a warehouseman, our representatives at Miami, Florida, Bonacker Brothers, decided to continue as brokers, which made it necessary for them to give up a warehousing business which they had conducted for some time.

They received a proposal from Mr. C. B. Robbins, who was formerly in their employ and in charge of their warehousing business, to take over their warehouse and operate it under his own name. An agreement was reached, and Mr. Robbins left the employ of Bonacker Brothers and entered the warehousing business on his own account. He has now been in business for six months, and from all the information that we are able to gather he has met all the requirements of a warehouseman.

It is our desire to store some of our sugar in this warehouse in view of the accessibility of the location. We purposely delayed using this warehouse on account of the fact that the party operating it was formerly connected with our representatives; however, now that he has become formally established, we can see no reason why we should not use his warehouse.

We are attaching copy of the agreement between these parties, and if you wish to see the original it will be our pleasure to furnish it.

If, after considering this matter, you see no objection to our filing the usual notice in cases of new warehouses, we will thank you to advise us.

Yours very truly,

(Sgd.) CHARLES H. WHITE, Jr.,
General Sales Manager.

(Savannah files.)

2918 *Government Exhibit 400–O2*

MAR. 30TH, 1931.

HARMAN & HULSEY,
Jacksonville, Fla.

DEAR SIRS: To make clear what we wired Mr. Talmage, we might say that one of the rules of the Sugar Institute is that a new warehouse, by which we mean one which has never been used by any of its members, has to have its name submitted six days to the membership. If it passes muster we can then use the warehouse for consignment purposes, but, if not, we have to go back to warehouses

already approved. It just now strikes us that if we simply ship the present consignment to yourselves, no warehouse indicated, and you can get steamship to hold same on wharf until Monday, the boat being due to arrive Friday or Saturday, we can then wire you whether or not the warehouse has passed muster, and if it has you can order it up to the Laney & Delcher Storage Co.; while, if not, you will have to order it up to Vann Whse. We are going to talk to local agent of SS. Line along that angle to give us a little extra time on wharf at Jacksonville, and think, as they are anxious to build up the business, they should very likely grant our request, which under the circumstances seems very reasonable.

Yours truly,

WM. HENDERSON.

P. S.—We greatly regret to say it looks improbable that we shall be able to ship complete consignment assortment ordered. We have had a tremendous rush of orders for Atlantic and a particularly heavy number of boat shipments. We will do what we can, but we are afraid you will be shortshipped.

WM. HENDERSON.

(Henderson files.)

2919 *Government Exhibit 400–P2*

THE AMERICAN SUGAR REFINING COMPANY,
New Orleans, Louisiana, March 1, 1928.

Mr. C. H. WHITE, Jr.,
The American Sugar Refining Company,
117 Wall St., New York, N. Y.

DEAR MR. WHITE: The Illinois Warehouse, Chicago, is operated by the Chicago Powdered Sugar Mills Company, one of our customers. Prior to January 9th this warehouse was used by us, as well as other refiners.

When in Chicago last month I visited this customer and informed them that, in line with the Code of Ethics of the Sugar Institute, Inc., we would, effective immediately, discontinue making further consignments using the Illinois Warehouse for storage.

Mr. O'Riley, President of the Chicago Powdered Sugar Mills, indicated that if the same position was taken by other refiners he, of course, would have no real cause for complaint. However, if other refineries did continue using the Illinois Warehouse, it would be reasonable for him to expect us to do likewise.

It now comes to me indirectly that McCahan have agreed to store sugar in the Illinois Warehouse, Chicago, and it is my understanding that the Chicago broker for Franklin has the same question up with Mr. Frazier.

I would appreciate it very much if you would kindly have this matter presented to the Sugar Institute, Inc., *so that it will be definitely understood that the refiners will not store in the Illinois Warehouse.*

We have been enjoying a substantial business from the Chicago Powdered Sugar Mills in the past, and do not want this warehouse proposition to have adverse effect on our relationship with them.

Very truly yours,

M. B. MURPHY,
Sales Manager.

(American files.)

2920 *Government Exhibit 400–Q2*

OCTOBER 8, 1929.

WATSON BROKERAGE CO.,
115 No. Commerce St., Mobile, Ala.
(Attention Mr. Watson.)

DEAR MR. WATSON: We have been informed by the Sugar Institute that a number of complaints have been lodged against the Johnson Warehouse & Transfer Co. of Mobile, with the result that it will be necessary for our Company to carry future consignments in warehouses that have been approved as public warehouses and having no direct or indirect connection with a broker or jobber.

We can suggest the names of three warehouses that meet the approval of the Sugar Institute, namely:

Merchants Transfer Co.
Warrant Warehouse Co.
Gulf City Transfer Co.

Will you kindly suggest to us a preference for one of the three warehouses; also the storage rates.

If you can bring proof by documentary evidence, such as who are the actual owners of the Johnson Warehouse & Transfer Co., who pays the rent, and if there was a bill of sale drawn up at the time the warehouse was transferred by you to the new owners; also proof that you or any of your trade do not benefit, directly or indirectly, in the storage receipts, we will be very glad to submit such proof to the Institute, if you desire.

Very truly yours,

COLONIAL SUGARS COMPANY,
C. B. NEWMAN.

(Colonial files.)

2921 *Government Exhibit 400–R2*

OCTOBER 8, 1929.

COLONIAL SUGARS COMPANY,
New Orleans, La.

(Attention Mr. Wogan.)

GENTLEMEN: We are enclosing herewith copies of letters written today to—

Watson Brokerage Co., Birmingham, Ala.
Walters & Wier Bkge. Co., Birmingham, Ala.
E. L. Cook & Co., Chattanooga, Tenn.
E. R. Wade Co., Inc., Knoxville, Tenn.

and are also enclosing circular letter from the Sugar Institute dated October 7th with reference to southern warehouses.

After carefully reading the circular letter, please be governed accordingly and send us in duplicate the reports requested.

Please do not consign any more sugar to the warehouses that have been subjected to criticism until we have the proof and approval of the Sugar Institute. In the meantime it will be necessary at such consignment points to designate another warehouse that will meet the approval of the Institute.

Very truly yours,

COLONIAL SUGARS COMPANY,
C. B. NEWMAN.

(Colonial files.)

2922 *Government Exhibit 400–S2*

COLONIAL SUGARS COMPANY,
WHITNEY-CENTRAL BUILDING,
New Orleans, La., October 10th, 1929.

COLONIAL SUGARS COMPANY,
136 Front Street, New York, N. Y.

(Attention Mr. Newmon.)

GENTLEMEN: We acknowledged yours October 8th, with copies of letters to brokers listed, also enclosing Circular Letter October 7th, from the Sugar Institute, Inc., with reference to Warehouses at Southern consignment points.

We have noted the request for reports required as of October 12th, 1929, and same will be complied with which will be forwarded to you in duplicate.

Very truly yours,

COLONIAL SUGARS COMPANY,
C. N. WOGAN,
General Agent.

(Colonial files.)

2923 *Government Exhibit 400–T2*

[Air mail]

OCTOBER 15, 1929.

COLONIAL SUGARS COMPANY,
New Orleans, La.

(Attention Mr. Wogan.)

GENTLEMEN: Referring to our letter to you of October 8th and your reply of October 10th, we wish to impress upon you not to consign any sugars to the four warehouses as mentioned by us, as the Institute has forbidden this, until such warehouses have been proven absolutely independent of either broker or jobber and is maintained as a public warehouse.

Very truly yours,

COLONIAL SUGAR COMPANY,
C. B. NEWMAN.

(Colonial files.)

2924 *Government Exhibit 400–U2*

OCTOBER 21, 1929—3 P. M.

COLONIAL SUGARS COMPANY,
Whitney Central Bldg., New Orleans, La.:

Invoices indicate you consigned sugar Watson Brokerage, Mobile, eighteenth. This must be diverted to public warehouse Stop. Imperative *Institute regulations*, as we have advised you must be followed regarding consignments.

COLONIAL SUGARS COMPANY.

(Colonial files.)

2925 *Government Exhibit 400–V2*

OCTOBER 21, 1929.

COLONIAL SUGARS COMPANY,
New Orleans, La.
(Attention Mr. Wogan.)

GENTLEMEN: Referring to our exchange of wires today, that according to invoice sheets, two cars had been consigned from Holt to S. G. Weil & Co., Montgomery, you replied that the sugars were billed to the Moeller Transfer & Storage Co. If the sugar is consigned to a warehouse, and not the broker, please have it shown on your invoices.

This afternoon additional invoices arrived which indicate you have consigned a car of sugar to Watson Brokerage Co. If this is really going to a public warehouse, such as the Montgomery case, the warehouse and not the broker should have been noted on the invoice.

It is highly important that the *Institute's regulations* regarding public warehouses be observed, and in no instance is sugar to be consigned in the name of a broker.

Very truly yours,

COLONIAL SUGARS COMPANY,
C. B. NEWMAN.

(Colonial files.)

2926 *Government Exhibit 400–W2*

E. L. COOK & CO., INCORPORATED,
Chattanooga, Tennessee, June 21st, 1930.

COLONIAL SUGARS CO.,
New York City.

(Mr. C. B. Newman.)

DEAR SIRS: Just prior to the formation of the Institute, with its subsequent ruling prohibiting the storage of sugars in brokers' warehouses, we had bought the warehouse adjoining our principal location, solely for the purpose of having sufficient storage space altogether for taking care of our sugar storage in a proper manner.

We are still carrying this warehouse, with the additional expense it involves, under the impression that the storage of Colonial would again be available. This idea is based on our conviction of the ultimate collapse of the Institute. The entire history of combinations of this kind indicate its failure, whether as a result of investigations now under way by the Federal Trade Commission or as a result of economic and competitive conditions.

Since we now feel it necessary to make some disposition of this warehouse and expense unless there is some possibility of again securing a sugar-storage arrangement, we would appreciate an expression from you from which to base our decision. It occurs to us that the Colonial might possibly take this warehouse over, if necessary, and allow us to handle deliveries, etc., for you.

You, of course, realize that the present arrangements with public storage are not to the interest of Colonial Sugar in this market. About four brands are on the floor together; if there is any difference in the condition of the stock the preference naturally goes to the stock in best condition unless some contract prevents.

2927 We know that in this particular market the interests of Colonial are best served by our having stocks in our warehouse. We can then more actively push warehouse trade, whereas now it is more or less detached from our regular business. If the stock now in Chattanooga had been in our warehouse, we feel sure that we could have managed some way to dispose of it. In public storage every delivery necessarily reported as delivered, etc., gives no latitude whatever to interest our trade in hauling from storage, par-

ticularly when sugars are available on consignment to jobbers' stocks on deferred payments.

From our angle it seems there is little benefit from discontinuing brokers' stocks and diverting them direct to jobbers' stocks. We formerly stored Colonial on basis of one month's storage charge only. The stock now in public storage has been on hand with five or six months' storage expense. Together with that, the stock has "frozen" and is out of condition. Furthermore with four brands in the same storage there is no individual warehouse preference whatever.

If you will consider the matter thoroughly, and possibly offer some suggestion that will enable us to handle Colonial storage by some means, we will greatly appreciate your interest.

Thanking you in advance, we are,

Yours very truly,

E. L. Cook & Co.,
By C. W. Smith.

(Colonial files.)

2928 *Government Exhibit 400–X2*

June 25, 1930.

Mr. E. L. Cook,
Care E. L. Cook & Co., Chattanooga, Tenn.

Dear Mr. Cook: I am answering your letter of June 21st, under personal cover. This has reference to your warehouse in Chattanooga, and the inquiry of whether in our opinion there was any chance of storing sugars in the said warehouse.

Personally, I am very much convinced that the Sugar Institute will continue to become stronger, rather than weaker, and if such is the case I feel very certain that refiners will not return to the brokers' warehouses.

In determining what disposition you will make of the warehouse, do not think you had better take into consideration any encouragement for sugar storage as long as you or any jobber might be interested in same. So far as we are concerned, we would not care to take over the operation of a storage warehouse.

You mention that sugars are more satisfactorily handled when the warehouse is handled by the broker. We cannot agree with you on this point, as we do not see any reason why a broker neglects sugars that are in a public warehouse more than he would those in his own warehouse.

You have considerable old stock in Chattanooga which we assume was partly caused by shipping trade consignments. However, it is of the utmost importance that this sugar be disposed of, and we feel that there should be some way you can work it off with King, Dobbs & Co. or some of your other buyers. Our overhead has been heavy

in carrying this sugar, and we certainly do not feel disposed to make any concession in price, particularly when this stock was shipped when the market was much higher.

2929 Please do everything possible to keep the warehouse stock moving.

Very truly yours,

COLONIAL SUGARS COMPANY.
C. B. NEWMAN.

(Colonial files.)

2930 *Government Exhibit 400–Y2*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 27, 1931.

Our File No. W–259–A.

Mr. J. MOOG,
Godchaux Sugars, Inc.,
120 Wall Street, New York City.

Subject: Flambeau Warehous, Park Falls, Wisc.

MY DEAR MR. MOOG: Attached you will find copy of the investigator's report on the Flambeau Warehouse. The Executive Vice Secretary finds that this warehouse is affiliated with the Rabenowich Grocery Company.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(Godchaux files.)

2931 *Government Exhibit 400–Z–2*

GODCHAUX SUGARS, INC.,
Masonic Temple Bldg., New Orleans, Sept. 30, 1930.

Mr. J. MOOG,
New York City.

DEAR MR. MOOG: As you probably know, the Commercial Warehouse, at Ironwood, has been ruled as *ineligible* and we have arranged to remove the stock which was in storage there.

I have received a letter from Mr. Trautner, of the Trautner Brokerage Co., Duluth, Minn., who handle this warehouse, copy of which I am enclosing. You will notice from this letter that the Commercial Warehouse is not owned or controlled by Olson Bros. Co., who, incidentally, booked 1,200 bags with us on the last move, and from every indication will continue to give us some business, even though we may be forced to store with the other warehouse.

I have promised Mr. Trautner that we will do what we can to reinstate the Commercial Warehouse if the information submitted by him is sufficient to enable us to work along these lines.

Will you please write Mr. Trautner and also let us have a copy of your letter, so that when Mr. Bertoniere returns he will know exactly what possibilities there are of reinstating this other warehouse?

Yours very truly,

SIMON.

SHP:LM.
(Godchaux files.)

2932 *Government Exhibit 400-A-3*

TRAUTNER BROKERAGE COMPANY,
222 Manhattan Bldg., Duluth, Minn., Sept. 25th, 1930.

GODCHAUX SUGARS, INC.,
New Orleans, La.
(Attention Mr. Pailet.)

GENTLEMEN: Confirming our telegram of today, which is as follows:

"Commercial warehouse not withdrawn. Do not divert car."

We received a wire this morning from Lowry & Co., Inc., advising us that the Commercial Warehouse had not been withdrawn by the Institute.

Competitors are constantly advising the Institute that the Commercial Warehouse is owned by Olson Bros. Co., of Ironwood, Michigan, our jobbers. This, of course, is not true, as this warehouse is owned by The King Midas Flour Co., of Minneapolis, Minn., and the Apple River Milling Co., of Ironwood; in fact, Olson Bros. would sooner not store at the Commercial Warehouse.

Our reason for storing at the Commercial is that they give us good service, take good care of our stock, and that it is the best warehouse by far at Ironwood.

We had this same trouble a few months ago, and at that time we had the owners of the warehouse write us a letter stating that they owned the warehouse, showing the names of the officers and members of the firm. This satisfied the Institute at the time, and they declared the warehouse eligible; we were surprised to see this come up again.

We have been getting the greatest part of the sugar business at Ironwood for the past year, and Western refiners were unable to break into Ironwood; they have fought us ever since at this point. Recently they placed consignment stocks at Ironwood for Duluth jobbers to draw on, thinking they would take some of our business in that way. They cut the price down to the point where they were losing money, and still they are not getting enough business to make it worth their while. For that reason they thought if they were in

a position to have the Institute declare the Commercial Warehouse ineligible, we would not be in a position to hold our business at this point.

Very truly yours,

TRAUTNER BROKERAGE CO.
By P. W. TRAUTNER.

(Godchaux files.)

2933 *Government Exhibit 400–B–3*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, December 28, 1929.

Mr. J. MOOG,
Godchaux Sugars, Inc., 1012 Masonic Temple Bldg.,
New Orleans, La.

MY DEAR MR. MOOG: Referring to your letter of December 24th in regard to Hershey storing in the A. C. Bradley Warehouse, Indianapolis, Indiana, you are quite correct in your assumption that this warehouse has been declared affiliated by the Enforcement Committee.

Until recently there has been some difficulty in *inducing Hershey to abide by the Resolution of May second*, but within the last few days Mr. Taylor has conferred with Mr. Pike, and we hope to have this matter satisfactorily settled in the near future.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRANCIS R. VAN BUREN.

(Godchaux files.)

2934 *Government Exhibit 400–C–3*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 7th, 1930.

GODCHAUX SUGARS, INC.,
Room 2130, 120 Wall Street, New York City.
PENNSYLVANIA SUGAR COMPANY,
1037 North Delaware Avenue, Philadelphia, Pa.

GENTLEMEN: At a recent meeting of the Executive Committee, the matter of Bradley's alleged operations in violation of the Code of Ethics was very carefully considered.

It appears from the reports that Mr. Bradley, who is operating as your broker, is also engaged in the warehousing, and probably in the merchandising, of sugar, and he has frankly admitted to officers of the Institute that he is not conducting his business in conformity with the provisions of the Institute's Resolution of May 2nd, 1929. You understand, of course, that under the provisions of this Resolution it was resolved:

"That the payment of brokerage to anyone interested in the business of warehousing sugar, or of merchandising sugar, should be discontinued."

and that rule applies to storage of any refined sugar regardless of whether it is stored for a member of the Institute or not.

The Executive Committee, therefore, requests us to advise you that unless Mr. Bradley ceases the practice of warehousing and merchandising sugars forthwith, they will have no alternative but to recommend that members do not continue his employment as a broker.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(Godchaux files.)

2935 *Government Exhibit 400–D3*

AUGUST 13, 1930.

Mr. FRED G. TAYLOR,
The Sugar Institute, Inc., 129 Front Street, New York, N. Y.
In re: Your File No. B–429.

DEAR MR. TAYLOR: It is my distinct understanding that the Bradley matter will be taken up by the Institute and not by the individual refiners. I feel this is necessary by reason of the special situation existing in Indianapolis.

I suggest that you bring this matter up again for discussion on Wednesday.

Very truly yours,
J. MOOG: W. H. F.
W. H. F.
(Godchaux files.)

2936 *Government Exhibit 400–E3*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 11th, 1930.

Memorandum

To: Mr. J. Moog.
From: Fred G. Taylor.

Referring to the Bradley matter, will say that it is not the intention of the Institute to address Mr. Bradley direct. It was decided at the last meeting of the Executive Committee that in all cases where it was practicable to do so that they be approached through the refiners.

In the case of Edgar, it was thought it would be necessary to make some direct approach.

F. G. T.

(Godchaux files.)

2937 *Government Exhibit 400–F3*

[Copy]

A. C. BRADLEY,
Indianapolis, Ind., September 15, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

GENTLEMEN: Replying to your wire of September 15th, also your letter of August 27th, I wish to assure you that it was not my intention to not reply to your letter; however, I expected to be in New York today to call on your personally. Since my visit to your city has been delayed another week, I wish to advise that in connection with your inquiry, which refers to the Great Eastern Sugar Company, I am at a loss to know why you should bring up the Great Eastern Sugar Company, as you know full well that I have had no interest whatsoever in this company since 1927, and, therefore, notwithstanding any statements that you may have received to the contrary, if you made an investigation, as you claim, your investigation would certainly prove this to be true.

With reference to the Bradley Warehouse Co., Inc., I wish to advise you, as I have on several previous occasions, I still own stock in this company, and it has never been my understanding that it was contrary to the ethics of the Institute to own stock in a warehouse that handled *absolutely no Institute sugar;* however, for your further information, sixty days ago, I disposed of my entire stock interest in the Bradley Warehouse Co., Inc., but up to the present writing the complete financial transaction has not taken place, and only last week the parties purchasing my stock requested additional time until November 1st to complete financial arrangements.

Yours very truly,

(Signed) A. C. BRADLEY.

(Godchaux files.)

2938 *Government Exhibit 400–G3*

NOVEMBER 14, 1930.

Mr. A. C. BRADLEY,
Indianapolis, Indiana.

DEAR MR. BRADLEY: I thought you would be interested in knowing that your warehouse lease, as submitted to the Institute, was given favorable consideration at yesterday's meeting. This situation, therefore, clarifies the matter for the time being, but I am sorry to say that the general situation of warehouses is causing much controversy between the various sugar companies, both members of the Institute and members of the Domestic Bureau, and there may be further legislation on this subject which would prevent making permanent the accomplishment of the objective sought through your leasing of this warehouse.

I cannot enter into a discussion of the details of this at the present time, but should there be any developments on this subject, I will be pleased to communicate with you further.

Thanking you for your cooperation on this matter, and with best regards, I am,

Very truly yours,

Senior Vice President.

J. MOOG: WHF.

(Godchaux files.)

2939 *Government Exhibit 400–H3*

NOVEMBER 14, 1930.

Mr. J. A. BERTONIERE.

(Copy to Mr. Charles Godchaux.)

DEAR JOHN: I wrote to Mr. Bradley today, advising him that the leasing of his warehouse to the Indianapolis Warehouse Company was approved, as per copy of my letter attached.

The point which is liable to further affect this situation is that this entire warehouse matter has been causing such heated argument that it will again be placed before the Board of Directors at their next meeting.

The Domestic Bureau Code of Ethics, insofar as warehouses are concerned, definitely prohibits the use of warehouses if buyers of sugar are in any way financially interested. This does not necessarily mean alone the use of warehouses in which the buyer is financially interested in operating, but likewise warehouses in which the buyer has an interest in the ownership of the building.

At yesterday's meeting this matter was discussed, and the members are so worked up in regard to it that they were prone to carry it further, namely, to include as objectionable warehouses where the building may be owned by the broker, such as is the case in Evansville, Louisville, Indianapolis, and innumerable other points.

I, of course, do not know what the outcome of this situation is going to be, and will watch it with very material interest. As near as I can see, we are not particularly at interest in the matter, and, in general, would probably be more favorably affected than adversely.

There is a matter in regard to our Indianapolis shipment sugar which I want to bring to your special attention for close watching by your department, and also by the Traffic Department, and that is the question of diversions. The definite statement was made that Bradley and/or the Great Eastern Company are using bills of lading on sugar which we have sent to consigned stock for our own account in Indianapolis for reshipment of sugars to other points, and are using these bills of lading not for shipment of our own sugars alone, but also for shipment of mixed cars of Hershey sugars with ours.

I took the very definite position, and was backed up in this by Mr. Hoodless, that Bradley had not, up to the present time, had any Godchaux or Pennsylvania sugars. Sugars which were stored in the Bradley Warehouse was owned by the Great Eastern Sugar Company, who were legitimate buyers of sugar, and who were the parties storing it and paying the storage, and that if they used the bills of lading they must be answerable to the Central Freight Bureau and not to us for misapplication of same.

2940 However, now where we are shipping sugar to Indianapolis for our own consignment stocks, we must be sure to notify the warehouse company as against the use of paid expense bills or bills of lading without our authority, and must insist on the warehouse company furnishing us with bills of lading for tracing purposes, etc., on any sugar which we authorized to be shipped out of our stocks in carload lots. In other words, we must completely police our own sugar on consignment in Indianapolis so that it is handled in accordance with the various rules pertaining thereto.

You will notice that I have not written Bradley on this subject in my letter enclosed, because it is a job that is up to us to so handle from New Orleans that there can be no possibility of a broker or anyone else defeating the objective.

Very truly yours,

J. Moog: WHF.

(Godchaux files.)

2940½ *Government Exhibit 400–J3*

[Copy]

THE W. J. McCAHAN SUGAR
REFINING & MOLASSES COMPANY,
September 10, 1929.

Mr. FRED G. TAYLOR,
Executive Vice Secretary The Sugar Institute, Inc.,
New York, N. Y.

DEAR MR. TAYLOR: I am in receipt of your two letters of the 13th instant (files W–88 and W–92) regarding the Breese Grain Company, of Breese, Illinois, and the Greenville Elevator Company, of Greenville, Illinois.

In reply I beg leave to advise you that we have *never sold sugar to these concerns*, and we have no present knowledge of any merchandising of sugar on their part.

Our position regarding these warehouses is exactly the same as toward the firm of Ware & Barnstable at Hillsboro, Illinois, regarding which I wrote you under date of August 26th, as follows:

"If collective action is taken and a notice is circulated, so that other refiners will not be able to start consignments to these ware-

houses after McCahan discontinues shipments, then we shall be very glad to abide by such action."

We do not wish to carry the onus of taking action against these warehouses. However, if other refiners do sell to these concerns or if the party making the complaint against these warehouses has information to present to the Enforcement Committee which leads to the Committee condemning their use, we shall be glad to abide by such action.

Yours very truly,

(Sgd) L. V. PLACÉ,
Vice President.

(Institute files.)

2941 *Government Exhibit 401*

The following contracts were produced by the Government in open court on April 8 and April 9, 1932, and in lieu of having these documents appear as a part of the record in the case the following summary is submitted. All items listed below appear on the face of the documents. Where any doubt has existed as to the list price of the selling company on a particular date, it has been assumed to be the lower of the two figures in question, and thus an endeavor has been made to note the amount of reduction from the list as the smaller of the two figures in question:

1.—Cane sugar purchase contracts of Canada Dry Ginger Ale, Inc.

Selling company	Date of contract	Contract number	Amount of of sugar	Price per bag	Amount under list (cents per bag)	Other features
National	2/2/25	261	2,860 Bbls.	$6.00		Delivery from 2/1 to 7/31/25.
National	1/14/27	1128	6,840 "	6.25		Delivery during April, May, June, July, and August 1927.
American	1/18/26	AB 44569	400 bags	5.15	15	
American	2/24/26	AA 15844	6,000 "	5.20	10	
National	4/15/26	3152	684 Bbls.	5.25	15	
American	6/29/26	AA 17197	400 Bags	5.60	10	
National	7/7/26	5536	228 Bbls.	5.60	10	
National	7/7/26	5687	114 "	5.60	10	
National	8/11/26	6923	2,280 "	5.70	10	
National	8/27/26	7247	570 "	5.60	20	
National	2/3/27	1448	228 "	6.15	10	
National	2/8/27	1754	345 "	6.15	10	
National	8/22/27	7897	400 Bags	5.60	20	Delivery 12/20/27.
National	8/19/27	8146	1,150 Bbls.	5.70	10	
American	8/20/27	AA 20980	800 Bags	6.10	10	

2.—Kroger Grocery and Baking Co.

Selling company	Date of contract	Contract number	Amount of sugar	Price per bag	Amount under list (cents per bag)	Other features
National	1/22/27	Kr. #9932	5,000 Bbls.	$6.20	3	
Godchaux	3/1/27	11400	12,000 Bags.	6.05 Eastern 5.95 Western	15	
Godchaux	3/31/27	12129	20,000 "	5.85 Eastern 5.75 Western	15	
National	4/14/27	12161	10,000 Bbls.	5.90	10	

2.—Kroger Grocery and Baking Co.—Continued

Selling company	Date of contract	Contract number	Amount of sugar	Price per bag	Amount under list (cents per bag)	Other features
American	5/13/27	12208	15,000 Bags	$6.10	10	Delivery June, 1927.
American	"	AA 26749	4,000 "	6.10	10	
"	"	AA 26748	5,000 "	6.10	10	
"	"	AA 26747	3,000 "	6.10	10	
Franklin	5/14/27	12212	10,000 "	6.10	----------	Delivery during July.
National	5/18/27	12222				
		Nat. #5330	20,000 Bbls	6.10	----------	" " "
National	5/18/27	12220	5,000 Bbls	6.10	----------	" " "
Franklin	6/1/27	12425	10,000 Bags	6.10	10	
National	6/1/27	Nat. #6104	10,000 Bbls	6.10	10	" " Aug.
National	6/1/27	" #6103	5,000 Bbls	6.10	10	" " July.
National	6/2/27	12431				
		Nat. #6139	5,000 "	6.10	10	" " Aug.
C&H	6/27/27	C&H #231	12,000 Bags	6.00	20	" St. Louis.
National	8/23/27	Nat. #8151	5,000 Bbls	5.60	20	
National	8/23/27	" #7884	25,000 Bbls	5.60	20	
"	9/6/27	" #9347	3,000 "	5.90	10	
"	10/13/27	" #13	5,000 "	5.70	30	
National	10/14/27	Nat. No. 9978	10,000 bbls	5.60	40	Price to be 5.80 outside C. & H. territory.
Godchaux	10/27/27	God. 680	10,000 Bags	5.70	30	Freight and special allowance as per agreement covered by exchange of letters.
National	11/10/27	Nat. No. 593	15,000 Bbls	5.60	40	Price to be 5.70 Outside C. & H. territory.
National	12/14/27	Nat. No. 2293 Kr. No. 12728	5,000 "	5.50	30	Price to be 5.60 outside C & H. territory.

3.—The Great Atlantic & Pacific Tea Co.

Selling company	Date of contract	Contract number	Amount of sugar	Price per bag	Amount under list (cents per bag)	Other features
American	3/2 & 3/3, 1927.	AA 26566	20,000 Bags	$6.05	5	
Federal	5/11/27	17	2,000 Bags	6.00	10	
Federal	5/11/27	16	2,000 "	6.00	10	Delivery may be deferred.
Arbuckle	5/11/27	----------	600 Bbls	6.00	10	
Arbuckle	5/11/27	1491	300 "	6.00	10	Warehouse delivery.
American	5/12/27	AA 26568	40,000 Bags	6.00	10	
Arbuckle	5/12/27	1500	300 Bbls	6.00	10	Warehouse delivery.
Federal	5/14/27	18	2,000 Bags	6.00	10	Delivery may be deferred.
Arbuckle	5/14/27	1535	300 Bbls	6.00	10	Warehouse delivery.
Federal	5/26/27	21	3,000 Bags	6.05	15	
National	5/26/27	6153	5,000 Bbls	6.05	15	
National	5/26/27	6170	2,000 Bbls	6.05	15	
National	5/26/27	6254	137 Bbls	6.05	15	
National	"	6595	35 Bbls	6.05	15	
"	"	6594	323 Bbls	6.05	15	
"	"	6338	167 Bbls	6.05	15	
"	"	6152	3,500 Bbls	6.00	20	
"	"	6256	300 "	6.00	20	
"	"	6081	5,000 "	6.00	20	
"	"	6961	1,875 "	6.00	20	
"	"	6339	275 "	6.00	20	
2945 McCahan.	6/2/27	9106	10,000 Bags	6.10	10	60 Days Guarantee.
Federal	6/14/27	28	5,000 "	6.00	20	Del. may be deferred.
"	6/17/27	2008	10,000 "	6.00	10	" " " "
Arbuckle	"	1953	2,000 "	6.00	10	Store door delivery.
Arbuckle	6/20/27	----------	2,000 "	6.00	10	
"	"	----------	2,000 "	6.00	10	
McCahan	"	9378	25,000 "	6.00	10	60 days' guarantee.
Pennsylvania	6/21/27	15519	25,000 "	6.00	10	
McCahan	6/22/27	9540	10,000 "	6.00	10	60-day guarantee.
"	6/23/27	9873	5,000 "	6.00	10	" " " "
Pennsylvania	"	15520	15,000 "	6.00	10	
"	6/24/27	15522	10,000 "	6.00	10	

3.—The Great Atlantic & Pacific Tea Co.—Continued

Selling company	Date of contract	Contract number	Amount of sugar	Price per bag	Amount under list (cents per bag)	Other features
Arbuckle	6/26/27	3383	5,000 "	$5.80	40	Truck Delivery.
Pennsylvania	6/29/27	15839	10,000 "	6.10	10	
"	7/6/27	A 5827	15,000 "	6.10	10	
"	"	A 5804	25,000 "	6.10	10	
"	7/7/27	18871	25,000 "	6.10	10	
Federal	7/8/27	2087	5,000 "	6.10	10	
"	"	2088	5,000 "	6.10	10	
"	7/12/27	2089	5,000 "	6.00	10	
Pennsylvania	7/12/27	A 5805	20,000 "	6.00	10	
2946 Federal	7/13/27	2173	5,000 Bags	6.00	10	
National	"	7750	5,000 Bbls.	5.80	30	
"	"	7515	18,000 "	6.00	10	
"	"	7684	10,000 "	6.00	10	
"	"	7758	2,000 "	6.00	10	
American	7/14/27	AA 21300	75,000 Bags	6.00	10	
Pennsylvania	"	18872	20,000 "	6.00	10	
McCahan	7/15/27	9877	35,000 "	6.00	10	60-day guarantee.
Pennsylvania	7/25/27	A 5809	5,000 "	5.70	10	C. & H. Territory.
American	7/26/27	AA 21671	25,000 "	5.80	10	
Pennsylvania	7/27/27	A 5951	10,000 "	5.80	10	
McCahan	7/28/27	" 9976	10,000 "	5.80	10	
Savannah	7/28/27	17302	10,000 "	5.80	10	
Federal	8/17/27	2298	20,000 "	5.60	10	
McCahan	8/23/27	1808	10,000 "	5.60	10	60-day guarantee.
Pennsylvania	"	A 5820	20,000 "	5.60	10	
"	"	A 5819	20,000 "	5.60	10	
"	"	15841	5,000 "	5.60	10	
"	8/26/27	A 5983	15,000 "	5.70	5	
Savannah	8/29/27	17541	5,000 "	5.70	5	
Federal	8/30/27	2346	10,000 "	5.70	5	
Pennsylvania	8/31/27	A 5989	20,000 "	5.60	15	
2947 Savannah.	8/31/27	17545	2,500 bags	5.70	5	
"	9/16/27	17634	10,000 "	5.90	10	
McCahan	9/15/27	2436	7,000 "	5.90	10	60-day guarantee.
Penna	9/14/27	16977	20,000 "	5.90	10	
Federal	9/15/27	2468	10,000 "	5.90	10	
American	9/16/27	AA 26943	25,000 "	5.90	10	
National	"	9713	10,000 Bbls.	5.90	10	
"	"	117	10,000 "	5.80	20	
"	"	9989	2,000 "	5.80	20	
"	"	53	10,000 "	5.80	20	
McCahan	9/19/27	1,965	15,000 Bags	5.90	10	60-day guarantee.
Penna	9/20/27	18336	25,000 "	5.90	10	
"	9/21/27	15842	15,000 "	5.90	10	
Federal	9/28/27	2565	10,000 "	5.90	10	
Penna	9/28/27	16982	25,000 "	5.90	10	
McCahan	10/2/27	2474	25,000 "	5.80	20	60-day guarantee.
American	10/13/27	AA 26381	60,000 "	5.80	10	
Penna	10/13/27	15843	3,046 "	5.80	10	
"	10/14/27	15845	10,000 "	5.80	10	
"	10/14/27	15845	10,000 "	5.80	10	
"	"	A 5960	8,000 "	5.60	30	
"	10/26/27	15850	15,000 "	5.70	10	
"	"	A 5829	10,000 "	5.70	10	
2948 Savannah.	10/27/27	17798	2,500 Bags	5.70	10	
Penna	11/7/27	16895	10,000 "	5.60	10	
"	11/10/27	16596	5,000 "	5.60	10	
American	11/11/27	AA 26315	40,000 "	5.65	5	
National	11/12/27	1629	10,000 Bbls.	5.60	10	
"	11/15/27	3538	2,796 Bbls.	5.50	20	
National	"	1628	2,000 "	5.60	10	C. & H. Territory.
"	"	2401	1,650 "	5.50	20	" "
"	11/15/27	2805	2,500 "	5.50	20	" "
McCahan	11/15/27	2857	10,000 Bags	5.65	5	60-day delivery.
Federal	12/12/27	2771	10,000 "	5.50	20	
Savannah	12/12/27	18054	10,000 "	5.60	----------	" " "
Penna	12/13/27	18346	5,000 "	5.50	10	
McCahan	12/13/27	3910	10,000 "	5.60	----------	" " "
Penna	12/15/27	18345	5,000 "	5.50	10	
McCahan	12/20/27	3906	10,000 "	5.70	----------	60-day contract. Guaranteed against decline.
National	12/21/27	4136	20,000 Bbls.	5.60	10	
"	"	5076	4,550 "	5.60	10	
"	"	5262	2,000 "	5.60	10	

2949 *Government Exhibit 407*

(Copy Kansas City, 10/5/29.)

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, September 24th, 1929.

To All Members of the Sugar Institute, Inc.:

GENTLEMEN: The Executive Committee at the Meeting of September 19th *authorized the withdrawal of Fort Wayne*, Indiana, *as a consignment point*, effective as of October 10th.

It is understood that in the meantime only such shipments will be made as are necessary to take care of orders in hand. A clearance report of existing surpluses will be made as of October 10th, and the privilege extended to members to equalize the maximum surplus at that time.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(Handwritten notation:) C. & H.: 189 bags in storage till Sept. 20; 89 bags in storage Oct. 7th. This storage is used by C. & H. as the result of bad-order sugar reaching a customer at that point, part of a car being placed in storage sometime in July.

J. M.

(C. & H. files.)

2950 *Government Exhibit 407-A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 7th, 1929.

To All Members of the Sugar Institute:

GENTLEMEN: Re Withdrawal of Ft. Wayne as a consignment point. At the Executive Committee Meeting of September 19th, under the authority of the Directorate, the Committee fixed October 10th as the date upon which the shipment of consignment sugars to *Fort Wayne* should be discontinued, and authorized the clearance of a report of the maximum surplus stock held by any refiner at that point as of that date in order that any refiner may equalize such surplus if he so desires.

Please report to us promptly, *after the 10th*, the amount of consignment stocks you have on hand there as of that date.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(C. & H. files.)

2951 *Government Exhibit 407–B*

OCTOBER 11, 1929.

SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

GENTLEMEN: Referring to letter of October 7, relative to *discontinuance of Fort Wayne as a consignment point*, and asking for the amount of consigned stocks on hand October 10, with the exception of *four bags damaged sugar*, which will be cleaned up shortly, our stocks at that point have been depleted.

Yours very truly,

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION, LTD.

(C. & H. files.)

2952 *Government Exhibit 407–C*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 30th, 1929.

To All Members of the Sugar Institute:

GENTLEMEN: *Re Ft. Wayne consignment stocks.* Our clearance of consigned stocks at Fort Wayne, which has been withdrawn as a consignment point, indicated that five refiners have stocks remaining there, the largest stock being *5,116 bags.*

Our original purpose was to permit the equalization of the maximum surplus should anyone desire to equalize it, but the Committee now recommends that those wishing to remain in that market shall ship only sufficient sugars to take care of the current demands of their trade, and not exceeding 800 bags at one time, until the maximum surplus is liquidated.

We will advise you when shipments are to be discontinued which, at the present rate of liquidation, should be within a few weeks.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(C. & H. files.)

2953 *Government Exhibit 407–D*

[Copy]

NOVEMBER 4, 1929.

S. & F., Chicago.

GENTLEMEN: We have advices, dated October 30, that five refiners still have stocks on hand at Fort Wayne, which has been discontinued as a consignment point. The largest individual stock is 5,116 bags.

The original purpose was that all refiners have the privilege of equalling the largest surplus stock, but probably due to the fact that that process would result in postponing the discontinuance of that point for an indefinite length of time, the suggestion has been

made that refiners should consign sugars there only in sufficient quantity to take care of the current demands of their trade, and not to exceed 800 bags at any one time. This should continue until the maximum surplus is liquidated, at which time we expect notification.

You have our approval to consign 800-bag lots in the interval if you deem it in our best interests. However, kindly advise us if you conclude to take that action.

Yours very truly,

C. & H.

(C. & H. files.)

2954 *Government Exhibit 407–E*

W. B. T.:

It strikes me this comes dangerously close to *allocating markets and restraining competition.*

M. W. C.

(C. & H. files.)

2955 *Government Exhibit 407–F*

CHAMBER OF COMMERCE OF FORT WAYNE,
Fort Wayne, Indiana, December 20th, 1929.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORP.,
Watson Building, San Francisco, California.

GENTLEMEN: We are writing to place before your company a situation which has arisen in Fort Wayne that is causing us considerable concern. We refer to the action taken by the Sugar Institute in cancelling the reconsignment privilege which this city has enjoyed for thirty-five years, and transferring this privilege to Indianapolis.

So that you may have a complete picture of our situation, we are sending you enclosed a copy of the brief sent to the Sugar Institute, a copy of our railway schedules showing next-day deliveries out of Fort Wayne, and a copy of the motor-truck delivery service out of here showing same and next-day delivery. A careful examination of these exhibits will indicate to you the need of reconsignment stocks in this city for both local and territorial distribution.

We received a reply from Mr. F. G. Taylor, Executive Vice Secretary of the Sugar Institute, 129 Front St., New York, in which he intimates that by keeping reconsigned stocks in this city we are injuring the jobber or wholesaler in this section. To this we cannot concur.

Within the last few days we are reliably informed that two nationally known sugar jobbers are in our city selling to anyone and everyone desiring to buy sugar, regardless of quantity, even down to the smallest retailers, at a price considerably under that which sugar can be sold for by our local jobbers. For instance, two sugar jobbers in question are offering basis $5.45 per CWT. delivered to buyer's

door. You will quickly recognize this price to be under prevailing market at which fully reliable jobbers are compelled to pay.

It is commonly recognized, further, that sugars mentioned as having been sold and distributed by two sugar jobbers in question are coming from recognized members of the Institute.

We believe that such a condition would indicate the wisdom of the sugar refiners again reinstating the reconsignment privilege
2956 in Fort Wayne, in order to end such a type of unfair competition.

We would appreciate very much receiving your personal views on this matter and your assistance in obtaining the objective we have set forth in the letter and other documents enclosed; and thanking you for your courtesy, we are,

Cordially yours,

J. B. WILES,
Manager and Industrial Commissioner.

(C. & H. files.)

2957 *Government Exhibit 407–G*

It has come to the attention of the Fort Wayne Chamber of Commerce that the privilege of receiving sugar for consignment has been revoked by the Sugar Institute, and this privilege transferred to the city of Indianapolis, Indiana.

The Fort Wayne Chamber of Commerce represents 2,235 of the city's progressive business men and is a community rapidly growing in an industrial and commercial way. It is recognized as one of the most outstanding industrial and commercial communities in the central west, which fact is substantiated by the commercial reports being issued by all of the national reporting agencies, which reports give this community the best rating they have to give and have been giving this splendid rating for the past two years.

We would like to present herewith certain facts and data in connection with this decision which we understand has been taken by the Sugar Institute, together with the request this data be carefully reviewed to the end a counter order may be issued reinstating the consignment privilege which this city has enjoyed for the past 35 years.

We wish to present certain facts and figures which have a decided bearing on the attitude of our local merchants, wholesalers, and others who are sugar users and those who store and consign sugar.

As *exhibit A* we would like to call your attention to page 43 of the Fort Wayne Chamber of Commerce industrial survey, which page is enclosed with this letter. On it you will note a scaled map showing Fort Wayne's location in connection with some of the principal markets of this section. The fact we are so well situated for the distribution of all kinds of commodities has influenced a large number of

warehousing concerns, including the John Deere Plow Company and quite a number of large industries, to locate in this city purely from a distribution standpoint.

2958 As *Exhibit B* we are enclosing lists furnished us by the transportation companies of Fort Wayne which show first- and second-day deliveries on all types of merchandise out of this city. It will be readily seen by a comparison of these delivery days with those of Indianapolis that we are able to serve a territory north, west, south, and southwest more efficiently, or at least as efficiently, as it could be served from the Indianapolis territory, that city being 130 miles southwest of Fort Wayne. The delivery points and days shown on this exhibit are for all classes of merchandise and not only sugar, but, of course, include sugar reconsignments.

As a further consideration we would like to call your attention to the fact Fort Wayne is the only city in Indiana that can reconsign to every other jobbing town in Indiana on through billings.

We are also submitting figures furnished by the Transportation companies of Fort Wayne for the first ten months of 1929, and which figures show the following interesting facts: There were 615 cars of sugar inbound over our four railroad systems during 10 months. Of these, 501 cars were used locally and 114 cars reconsigned. It appears to us there figures have a considerable bearing on the question at issue.

In order to ascertain the sentiments of our local sugar users as well as those in distribution radius, we communicated with quite a number of the larger users and found 23 very substantial sugar users are thoroughly in favor of retaining Fort Wayne as a reconsignment point, and have stated their willingness to patronize Fort Wayne's stocks. The Fort Wayne Chamber of Commerce will use its endeavors with the jobbers of this city and vicinity to have them patronize and give preference to consigned stocks. It might interest the institution to know a meeting held Tuesday, November 12th, a decided sentiment was expressed among jobbers and sugar users of this community that while they prefer to patronize eastern refiners, the fact remains it will be absolutely necessary to have sugar here for reconsignment, and in case the eastern refineries cannot supply

2959 this other sources of supply will be sought. There is no question in the minds of all concerned that sugar will be carried in Fort Wayne storage for reconsignment and jobbers will patronize the ones carrying sugar in this community.

The Chamber of Commerce sincerely feels that the business interests of Fort Wayne are being seriously discriminated against by this action of the Sugar Institute due to the fact that every jobbing town in the State of Indiana can be served by Fort Wayne and cannot be served as advantageously by Indianapolis.

The Chamber of Commerce's position in this matter is simply that of an organization that is constantly busy in promoting the interests of this community and its surrounding territory. For years we have been building a strong commercial and industrial background, and

we certainly feel a discrimination against this city and its distribution facilities is a thing we cannot pass by unnoticed. As has already been stated, so many commercial and industrial concerns recognize the splendid facilities offered by this community for the distribution of products of all kinds that we feel sure if the Sugar Institute will investigate this matter, and we are glad to work with them in any investigation they may wish to make, they will reach the same conclusions we have reached, namely, instead of tearing down the commercial and distribution structure so carefully built in this community, they can do a great deal toward helping build it into a still stronger and more advantageous center for the distribution, not only of sugar but of all products, thereby serving your interests as well as our own.

We would respectfully request that you review the data we are submitting and reinstate the privilege this city has enjoyed for the past thirty-five years.

(C. & H. files.)

2960 *Government Exhibit 407–M*

(Sales Dept. draft)

DECEMBER 30, 1929.

CHAMBER OF COMMERCE,
Fort Wayne, Indiana.
(Attention Mr. J. B. Wiles, Manager and Industrial Commissioner.)

GENTLEMEN: We acknowledge receipt of your letter of December 20th, 1929, and were very much interested in the data enclosed.

Your letter deals with two subjects which are, of course, closely related. First, reconsignment stocks, which may be carried by us for the purpose of reconsignment in carload quantities, generally on through rates to other markets. As a general practice, we endeavor to place reconsignment stocks at such points as will permit our giving to the trade, in the market to which the sugar is ultimately delivered, a service equal to that given by competition. The selection, therefore, of locations for reconsignment stocks are made by our Traffic Department with that feature predominantly in mind.

We would point out that that which is advantageous for one refiner might be unsuitable for another, according to the location of refineries and localities in which the individual refiner is selling his sugar.

Second, consigned stocks—which are stocks carried for delivery to the trade in the city where carried—in carload or less than carload quantities, according to trade custom and competitive necessities. You will appreciate that fundamentally the business of a refiner is the refining of a raw product, and that distribution should be left in the hands of those who make it their business, wholesalers, jobbers,

&c. While we carry consigned stocks in a number of markets, we do so only under necessity, as it has been our policy to leave distribution in the hands of distributors.

2961 While it is true, it is nevertheless regrettable that in recent years the trend has been toward an undertaking by various manufacturers of the jobbers' proper function, with a resultant detrimental effect on both manufacturer and distributor.

After some 25 years of experience, during the course of which our operations have extended from the Pacific Coast to Ohio, and from the Canadian border to the Gulf of Mexico, embracing markets under many different conditions, it has not been our observation that consigned stocks contributed to the marketing of sugar by legitimate sugar distributors but rather that consigned stocks were often the cause of serious demoralization. We know of numerous instances where established distributors have complained that consigned stocks were eliminating them from participation in sugar distribution.

Also it has been our observation that sugar jobbers of the nature referred to in your letter operate as extensively in markets where consigned stocks are carried as they do in markets where such stocks do not exist.

We are, of course, not familiar with the correspondence between yourselves and the Institute, but as our discontinuance of Fort Wayne as a storage point was based on our individual judgment, this explanation of our policy is likewise strictly individual.

Yours truly,

(C. & H. files.)

2962 *Government Exhibit 407–N*

JANUARY 3, 1930.

Mr. ROLPH.
Mr. CAMPIGLIA.

Fort Wayne

Unfortunately Mr. Taylor does not evidence in his correspondence the same legal precautions that were formerly apparent in much of the work done by Judge Ballou. The Fort Wayne situation, to my mind, may develop, or has already developed into something very serious for the Institute and its members. *The matter of regulating storage points is not within the province of a trade association.* Judge Devine and I have constantly so advised. Even when such regulation is practiced with legal caution in the form of recommendations, rather than rulings, it is dangerous. When practiced as Mr. Taylor is practicing it, it is positively explosive.

Formerly when Judge Ballou entered into controversies with energetic groups of jobbers, warehousemen, Chambers of Commerce, etc., he favored the members with copies of the correspondence. This has not been done by Mr. Taylor in the instant case, and I am

fearful that his attitude has been that of a *regulator* rather than an Executive Secretary of a fact-finding organization.

There is no authority in the Institute Code of Ethics for the regulation of storage points. *The Department of Justice would not countenance such a function*, and yet instead of confining itself
2963 to its fundamental purpose of promoting open and publicly announced prices and terms, the Institute continues to branch out in a variety of directions. There can be only one result.

Now that the fat is in the fire, and assuming that common courtesy requires an answer to the Fort Wayne Chamber of Commerce, we must have the points in mind of presenting a reply which will be noncontroversial.

For the foregoing reasons I believe the proposed reply hereto attached to be entirely proper. The reply prepared by the Sales Department is controversial and will only lead to further correspondence. Likewise it is ambiguous and evasive.

The Fort Wayne Chamber of Commerce may have a good case If jobbers situated in Fort Wayne and Indianapolis are competing against each other for business in outside territory common to both cities, it stands to reason that the Indianapolis jobber has all of the advantages and can do business with less overhead and more profit to himself. The Sugar Institute is zealous in its efforts to keep distributors on an equal footing. It appears to me that by attempting to regulate storage points the Institute is defeating one of its fundamental objects.

2964 This matter is deserving of most careful consideration. It behooves someone to see to it that Mr. Taylor receives the benefit of legal counsel in the same manner and to the same extent as Mr. Douglas benefits by close association with Judge Devine.

WM. B. TYLER.

(C. & H. files.)

2965 *Government Exhibit 407–O*

Tyler asked me to tell you that the attached letter has been approved by Mr. Rolph.

(C. & H. files.)

2966 *Government Exhibit 407–P*

JANUARY 3, 1930.

Mr. J. B. WILES,
Manager and Industrial Commissioner,
Chamber of Commerce of Fort Wayne,
Fort Wayne, Indiana.

DEAR SIR: We are very glad to have your interesting letter of December 20, 1929, which we have perused with considerable interest, and to which we have given careful consideration.

We appreciate the frankness with which you have placed this matter before us, and at the outset and in order to dispel any possible misapprehension on your part as to the manner in which we conduct our business, we assure you that *The Sugar Institute* is not empowered either to establish or to cancel any *consignment or reconsignment point* at which the members of the Institute may choose to store their sugar. We are members of, recognize, and cooperate with The Sugar Institute in its proper function as a trade association having for its object the fostering of ethical conduct in the sugar trade and the collection and dissemination of such facts and statistics as may assist its members in the conduct of their individual businesses.

In the course of their proper functions the two trade asso-
2967 ciations—i. e., The Sugar Institute and the Domestic Sugar Bureau—promulgate to their members lists of recommended storage points. These lists are compiled from data furnished by the individual members and are of great help to sugar refiners in conducting their individual sales campaigns. Adherence or nonadherence to lists so compiled rests entirely in the individual and independent discretion of the sugar refiners themselves.

As to our own policy with respect to the consignment of sugars to the City of Fort Wayne, permit us to call your attention to the fact that the promiscuous storage of refiners' stocks of sugar throughout the United States has rapidly developed into an unnecessary and unprofitable activity for the sugar refiner whose business fundamentally is that of refining a raw product, thence selling and shipping the same to manufacturers and to wholesalers, jobbers, and others whose business is that of distribution. It is obvious that the practice which refiners have very rapidly developed during the past few years of carrying consigned stocks for the convenience of sugar distributors has lifted from the shoulders of the distributors and placed upon the shoulders of the refiners a function which belongs to the former rather than to the latter. If the refiner is to continue the burdensome cost of financing and storing stocks of sugar throughout the entire territory of his distribution, it is equally
2968 obvious that by projecting the practice into the future, jobbers and wholesalers should realize that they will be earning a profit not commensurate with their recognized costs of doing business, and that the refiners will be assuming distributing functions which heretofore have properly belonged to recognized sugar distributors.

We have placed your letter in the hands of our Sales and Traffic Departments, and we assure you that, if the future distribution of our sugars requires the establishment of a greater number of storage points than those of which we are now availing ourselves, the City of Fort Wayne shall be given most careful consideration.

Again thanking you for submitting this matter to us and assuring you of our appreciation of the spirit in which your suggestions are offered, we are,

Yours very truly,

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION, LIMITED.

(C. & H. files.)

2969 *Government Exhibit 407–Q*

CHAMBER OF COMMERCE OF FORT WAYNE,
Fort Wayne, Indiana, February 5th, 1930.

Mr. WM. B. TYLER,
California and Hawaiian Sugar Refg. Corp.,
215 Market St., San Francisco, Calif.

DEAR MR. TYLER: May we thank you for your letter of recent date in connection with our letter of December 20th, at which time we sent you some information in connection with the matter of sugar stocks in Fort Wayne.

We certainly appreciate the spirit of your communication, and are very grateful you are going to continue to serve the Fort Wayne interests in the future as you have in the past. We wish to thank you in behalf of the jobbers and other sugar users of Fort Wayne for this service, and we think you will be well paid for whatever consideration you can give them.

Cordially yours,

J. B. WILES,
Manager and Industrial Commissioner.

(C. & H. files.)

2970 *Government Exhibit 408*

JANUARY 11, 1928.

LEWIS E. MASON & SON,
Lynch Building, Lynchburg, Va.

GENTLEMEN: You received on January 9th the following telegram, *giving you the gist of what had been done by the Sugar Institute, Inc., on the 7th.*

"On and after January 9th all concessions are withdrawn. All sales will be made only at openly published public prices."

Now we are enclosing a complete copy of the Code of Ethics which was adopted by the Institute. If there are any points in this Code that you do not understand please write and we will be glad to explain them to you.

It, perhaps, is needless for us to say that we intend to live up to the spirit and the letter of this Code, and we expect you to be guided entirely by what is contained therein.

The adoption of this Code, of course, does mean that the broker, who is the best salesman or who has the best following with the trade,

will get the business, and it is our expectation that you will, from now on, get your full share. As we wrote you previously, we are prepared to give you the best sugar and the best service of any time in our history.

Yours very truly,

PENNSYLVANIA SUGAR CO.

(Pennsylvania files.)

2971 Pennsylvania Sugar Co. wrote foregoing letter Jan. 11, 1928, to following:

John R. Means Co., Ashland, Ky.
K. D. Pierson, Milwaukee, Wisc.
Savage Brokerage Co., Jacksonville, Fla.
Seaton & Co., Peoria, Ill.
B. H. Shriner, York, Pa.
Fred A. Slade, Buffalo, N. Y.
Streuber Bro. Co., Portsmouth, O.
A. C. Sturtevant, Clarksburg, W. Va.
D. E. Taylor, Norfolk, Va.
F. B. Townsend, Harrisburg, Pa.
Walton-Cooper Co., Inc., Pittsburgh, Pa.
Wm. J. Willert, Erie, Pa.

2972 *Government Exhibit 408–A*

[Telegram]

NEW ORLEANS, LA., *Jan. 11, 1928—6:45 p. m.*

C. H. WHITE, Jr.,
The American Sugar Refining Co.,
117 Wall St., New York, N. Y.:

Translative trueness (following telegram received from Chicago) quote enter W. F. Childs *cannonade* (300) *gimp* (5.70) *marksman* authorizing Baltimore deliver *canine* (200) from Indianapolis stock to Child's balance *leavening* (ex. cons.) here unquote. Shall we accept? Karma.

THE AMERICAN SUGAR REFINING CO.

(American files.)

2973 *Government Exhibit 408–B*

[Telegram]

NEW YORK, *January 12, 1928—10:50 a. m.*

M. B. MURPHY,
c/o American Sugar Refining Company,
132 North Peters Street, New Orleans, Louisiana:

Kingdom. (Tel. recd.) In accordance Code Ethics Sugar Institute cannot permit Childs use gimp (5.70) contract in Indianapolis where now quoting giraffe (5.80). Regards.

C. H. WHITE, Jr.

(American files.)

2974 *Government Exhibit 408–C*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, January 17, 1928.

Circular Letter No. 204

To Our Salesmen and Brokers:

We mailed you, a few days ago, a copy of the Code of Ethics adopted by the Sugar Institute, Inc., of which this Company is a member.

The purpose of this letter is to advise you that this Company, in joining the Institute, and in accepting its Code of Ethics, has done so with the intention of adopting this Code in its entirety and conducting our future business relations with our customers in such a way that not only the letter, but the spirit of the Code, will be lived up to. As representatives of this Company, we must have your whole-hearted cooperation in carrying out, honestly and conscientiously, the policies of the Institute.

If questions should arise over which you have a doubt as to whether or not *the Code* would be violated, you must refer such matters *to this office for determination* and instruction, for we appreciate that it has been impossible to cover in the Code all details in connection with the sale and delivery of sugar, *and that some of these questions must yet be determined by the Institute.*

As a matter of record, we are listing below the more recent changes we have made in our terms of sale. We again call your attention to the fact that extreme care must be used by you to see that the old terms are not allowed in any instance except on deliveries made against contracts written prior to the effective date of the respective changes.

1. Our guarantee in all states east and south of Illinois, Missouri, Oklahoma, and Texas was withdrawn, effective November 23, 1927. Effective December 21, 1927, guarantees were withdrawn in all other territory in which they had been in effect.

2975 2. Effective December 19, 1927, Mississippi-Warrior Company's barge rates were discontinued on deliveries from consigned stocks, and on shipments, to points in Louisiana, Mississippi, Alabama, Tennessee, Arkansas, Kentucky, and Indiana, except on direct shipments routed over this line at the request of customers. Effective December 21, 1927, Mississippi-Warrior Company's barge rates were discontinued on deliveries from consigned stocks, and on shipments, to all other points, except on direct shipments routed over this line at the request of customers.

3. On January 3, 1928, our new differential list on grades and packages became effective.

4. Effective January 9, 1928, the Code of Ethics of the Sugar Institute, Inc., was adopted for general application by this Company in all territories.

Please bring this notice to the attention of all your employees, or those under your supervision, who have any relations with our customers, or who have any duties in connection with fixing the prices or terms on contracts.

Very truly yours,

GENERAL SALES DEPARTMENT,
C. H. WHITE, JR.,
General Sales Manager.

(American files.)

2976

2977 *Government Exhibit 408–E*

JANUARY 18, 1928.

Mr. JAMES H. POST,
c/o National Sugar Refining Co.,
129 Front St., New York City.

DEAR MR. POST: It was my intention to write a letter to Mr. Zabriskie to extend to him direct my thanks for his acceptance of active association in the Sugar Institute, Inc., but not knowing his address I am taking the liberty of writing to ask if you will kindly express to him these sentiments for me.

I thought that both yourself and Mr. Zabriskie would be interested in the following, which I quote from a letter we have written to each of our brokers when forwarding to them a copy of the Code of Ethics:

"We enclose you herewith the Code of Ethics of the Sugar Institute, Inc., to which Code, Godchaux Sugars, Inc., fully subscribes, and, in doing so, it was with the firm conviction that you, its representative, would give unqualified support to the efforts of the sugar-refining industry to place the merchandising of sugar on a clean, businesslike basis, understandable by all.

"The desires and intent of the sugar industry as expressed by the enclosed Code are readily comprehensible, but the application of the principles outlined is the Code of Ethics can be accomplished with the least difficulty and friction by your being sold on the soundness of these principles as am I.

"I therefore ask that immediately on receipt of this letter you thoroughly study the Code, and in your acknowledgment of same, you definitely commit yourself to the full support of the Code and the adoption of these Ethics as your Ethics. Your doing so carries with it the first resolve that should you be approached by a buyer to approach, in turn, your principals with any proposition contrary to this Code of Ethics, you will frankly say to the buyer, showing him your Code of Ethics, that it would not be ethical for you to leave

his office with any intimation that you are going to solicit your principals for the slightest infraction of the Code of Ethics to which both you and your principals have subscribed.

"If you will conduct your solicitation of accounts for us in this manner, it will bring to the trade a quicker understanding of the firm determination on the part of all interested in the Sugar Industry to have this industry, with which we are all identified, elevated to its proper high plane of merchandising."

I am pleased to say that we have received very prompt replies from our brokers and an expression of their full cooperation and support in regard to the Code.

2978 I am looking forward to the opportunity of meeting Mr. Zabriskiw early in February, as I sincerely trust that you will call a meeting of the Board of Directors of the Institute for February, so that, after a month's operation under the new Code, we may all get together, if only for a day, and discuss any matters of interest or any special conditions that arise by reason of this most drastic change in our merchandising policies.

I would also like to add that Mr. Henderson, of the Henderson Refinery here, joins me in expressing the view of the desirability of monthly meetings of the Institute during this formative period, and we would only like to ask that if monthly meetings are to be arranged, that they be, if possible, arranged for a Wednesday, as in that way it would best enable us to attend.

Very truly yours,

J:MOOG.

(Godchaux files.)

2979 *Government Exhibit 408–F*

FEBRUARY 14, 1928.

Mr. J. H. McLAURIN,
President American Wholesale Grocers' Association,
Washington, D. C.

DEAR MR. McLAURIN: It is quite a pleasure to reply to your letter of the 13th instant, and I am enclosing herewith several copies of the Code of Ethics of the Sugar Institute, Inc., adopted not only by The American Sugar Refining Company, but by the Eastern and Southern refiners in the United States.

The Sugar Institute, Inc., is located at 129 Front Street, New York City, Judge Sidney Ballou being in charge as Executive Secretary.

As you probably may have surmised, it now develops that a great many different kinds of concessions were being given in the sugar business. *Effective at the opening of business January 9, 1928, all concessions were withdrawn by any cane refiners* who were allowing them and at the present time sugar is sold only at the published list

prices and terms. This is, of course, in itself quite a reformation, as you state.

Trusting that the above is of interest, and with kindest regards, I am,

Sincerely yours,

C. H. WHITE, Jr.,
General Sales Manager.

(American files.)

2980 *Government Exhibit 408–G*

WESTERN SUGAR REFINERY,
2 Pine Street, San Francisco, March 15, 1928.

GEORGE L. TRACY COMPANY,
Butte, Montana:

Order Missoula confirmed, but this in direct defiance Sugar Institute practices Stop. In future will have to insist with all buyers that orders be given us before hour on which we go firm. This can be done by night telegram or orders which are postmarked the day previous.

WESTERN SUGAR REFINERY.

(Western files.)

2981 *Government Exhibit 408–H*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, April 3, 1928.

Circular letter no. 209 (corrected).

To Our Brokers:

In order that you may be kept posted on any changes in the Code of Ethics, it will be our purpose to advise you from time to time of all rulings of the Institute in which the Code of Ethics is interpreted or modified in any way.

With reference to the acceptance of business forwarded by telegram or mail on the day a price change is made effective, the Institute has ruled as follows:

"An announcement of a change in price, effective at the opening of business on a certain day, does not preclude a refiner from accepting, at such opening, firm orders at the old basis actually sent by telegram, including night letter, but not by mail, on the previous day to said refiner or its broker."

Please retain such telegrams in order that we may be in a position to show that these wires were forwarded prior to the date the price change becomes effective and not thereafter.

With reference to pool cars moving by the barge line, the Institute has ruled as follows:

"It is not a violation of the Code of Ethics to ship pool cars for customers by barge at the barge rate, provided such shipment otherwise conforms to Article 3 (c) of the Code of Ethics; that is, that the entire contents of the car of sugar shipped as a pool car has been sold f. o. b. refinery prior to the shipment and is a direct shipment by barge at the request of the customers."

Very truly yours,

C. H. WHITE, Jr.,
General Sales Manager.

(American files.)

2982 *Government Exhibit 408–I*

MAY 4TH, 1928.

B. L. HAWK & SON,
Canton, Ohio.

GENTLEMEN: As expressed in our telegram of today, we were extremely disappointed in the manner in which you handled the Shaeffer-Black, Wooster withdrawal.

We have gone out of our way to make it plain to all of the brokers and buyers that for the benefit of the refining industry and distributing trade we have subscribed to the principles of the Sugar Institute, the purpose of which is to eliminate irregularities that all but ruined both industries.

We passed our word of honor that we would observe the opinions and recommendations of the Institute, and we were under the impression that we had made this clear to all concerned. Yet at Noon of the thirtieth day we had heard nothing whatever from you regarding withdrawal of this contract. At Noon yesterday we telegraphed you, and, being without an answer, we were again compelled to telegraph you at Noon today, and we are now in receipt of unsatisfactory advice regarding conditions at destination which should have been considered when the sugar was purchased, or in the meantime. In fact, only recently an order to give buyers an outlet for sugar that they were unable to take in stock, we reluctantly agreed to become parties to second-hand selling. Undoubtedly your buyer knew several days ago the condition of his warehouse, and that being the case, the sugar should have been resold rather than passing the burden of carrying it on to us. *This does not concern us as much as being forced into the position of admitting that we have violated our pledge to observe the ethics of the Sugar Institute.*

We are not in position to store sugar for buyers. If you had advised us of the intent in advance, we could have arranged to have the sugar stored in a public warehouse at the rate of 8¢ per bag for the first month or part thereof, our responsibility being completed when the sugar is placed in the warehouse. The sugar would be billed when delivered to the warehouse, and responsibility for in-

surance, shipping instructions, etc., for movement to final des-
2983 tination would rest with the buyer.

You report that the buyer has three or four cars of sugar rolling now from our plant and that is no more our responsibility than it is your buyer's responsibility that we have cargo's of raw sugar arriving that we have to take care of.

We sincerely hope that in the future you will demand of your trade withdrawal orders and shipping instructions in advance of the thirtieth day, and if by the twenty-eighth day they positively refuse to honor their contract obligation, please give us that much advance notice.

Very truly yours,

ARBUCKLE BROTHERS,
Sugar Sales Dept.

(Arbuckle files.)

2984 *Government Exhibit 408–J*

ROBERT C. JONES & SON,
Chattanooga, Tenn., July 25th, 1928.

Mr. CHARLES H. WHITE,
General Sales Manager, American Sugar Refining Co.,
New York City.

(Personal and confidential.)

DEAR MR. WHITE: As you doubtless know, Mr. King is not in sympathy with the policy of the Sugar Institute. He believes that quantity buyers should be on a different basis from ten-bag to minimum-car purchasers. For the past three months the business controlled by Mr. King has been divided by three or four, so that our volume with them has shrunk materially. We believe Mr. King's idea is to be in close touch as a customer with these other Refiners, with the hope that eventually some of them, realizing the volume he controls, will make overtures in the way of concessions to secure his entire business.

The writer has heard rumors that the A. & P. and the Coca-Cola Syrup people, particularly, were being favored with better propositions than the open prices and terms to the ordinary buyer. We feel that if this were true you would be in a position to know of it, and we would be greatly interested in hearing your comments on same.

What we are particularly anxious to do, is to be the first to give Mr. King the information, should anything break. We believe the first on the ground will reap the reward. If you think it might be advisable for the writer to visit you personally and discuss the matter, he would be very glad indeed to do so at any time. In the meanwhile, we would be greatly interested in hearing from you in a strictly confidential way.

Yours, with very kind regards,

R. C. JONES.

2985 *Government Exhibit 408–K*

JULY 31, 1928.

Mr. R. C. JONES,
c/o R. C. Jones & Son, Chattanooga, Tennessee.
(Personal and confidential.)

DEAR MR. JONES: I have your letter of July 25th and am very sorry to note that our good friend, Mr. King, has seen fit to split up his business among several refiners after the very splendid and close relationship he has had with our Company for the past several years.

In regard to several large buyers in the country receiving lower prices and better terms than the trade in general, I can only speak for our firm and say that we are selling on openly announced prices and terms with no concessions of any kind being allowed to buyers, large or small.

I might add, however, that, in my opinion, the United States refiners who are members of The Sugar Institute are living up to the Code of Ethics and no concession is being made by any one of them to quantity buyers.

I am very much in hopes that Mr. King will soon be back with you 100%, as was the case prior to January this year. Certainly we are in position to render him service second to none, and the fact that our products are in such demand in his territory, I hope, will influence him to favor us with a greater portion of his business.

No doubt you will be up this way some time during the Summer, and, if you are, I hope to have the pleasure of a visit with you. Meanwhile, with kindest regards,

Sincerely yours,

General Sales Manager.

CHW.JR/EJ.

(American files.)

2986 *Government Exhibit 408–L*

JANUARY 4TH, 1929.

Mr. THOMAS OXNARD,
Treasurer Savannah Sugar Refining Co.,
Savannah, Georgia.

DEAR MR. OXNARD: I have for acknowledgment your letter of December 31st, together with enclosures, and in connection therewith I em enclosing copy of a letter [Handwritten notation: Not in file] written to Judge Ballou in regard to this situation.

The facts are exactly as stated in my letter to the Judge, but, as you know, we are always willing to *get together to try to work out any situation that seems to be unfair* to any of our friends, whether such things come within or without the Code of Ethics.

Yours sincerely,

WHH:MCG.

(Pennsylvania files.)

2987 *Government Exhibit 408–M*

MARCH 26, 1929.

Mr. J. B. RUSSELL,
J. B. Russell Who. Gro. Co.,
232 Market St., Maysville, Ky.

DEAR MR. RUSSELL: I wish to acknowledge receipt of your letter of March 21st and say that it was a real pleasure to hear from you again.

As regards the car of sugar which was shipped to you out of the Baltimore Refinery on March 4th, order #605327, I wish there was something I could do to help you out. As a matter of fact, the Eastern Refiners were quoting 4.90 on March 4th and did not change their price to 4.75 until March 5th, which is the day after your car was shipped out of the Refinery.

The Code of Ethics of the Eastern sugar refineries does not permit a refiner to reprice any orders after shipment has once been made.

I hope that you bought a good lot of sugar on the 4.75 market, and that same will turn out profitable to you when the Spring demand begins.

With kindest regards,

Yours very truly,

General Sales Department.

EVG:AK.

(American files.)

2988 *Government Exhibit 408–N*

[Telegram]

NEW YORK, N. Y., *Aug. 3, 1929—2:09 a. m.*

HUNT HENDERSON:
749 South Peters St., New Orleans, La.:

Meeting satisfactory in getting Spreckels back in, and in spite of resignation Savannah Stop. On interpretation of code that they and all others may meet Hershey competition by open announcements as conditions require. Savannah withheld resignation for consultation directors, and I believe will not go out Stop. New York crowd feel sure this will call Hershey hand, as Hershey personally believed honest in intentions, but has not controlled Pike and subordinates Stop. Colonial on ticklish ground and admit violations, but will have conference southern district shortly at New Orleans Stop. As a matter of good faith, essential strictly enforce five-cent contracts, regardless of consequences. Institute will surely fall on failure Stop. Talk to Charles Godchaux. Good-bye.

WM. HENDERSON.

(Henderson files.)

2989 *Government Exhibit 408–O*

[Telegram]

NEW YORK, N. Y., *August 7, 1929, 10:46 A. M.*

WILLIAM HENDERSON,
Henderson Sugar Refg., 749 So. Peters St.,
New Orleans, La.:

It was decided at the directors meeting on August 2nd that each member should supply the enforcement committee with a report of progress of deliveries on five-cent contracts as of close of business August seventh. Stop. Information should include amounts for which specifications have not been recd., also amounts unde-
2990 livered to that date and status of the accounts of all exceptionally large buyers, and should be in our hands early Thursday morning.

SUGAR INSTITUTE.

2991 *Government Exhibit 408–P*

[Telegram]

SAVANNAH, GA., *August 5, 1929.*

Judge SIDNEY BALLOU,
The Sugar Institute, Inc., 129 Front St., New York, N. Y.:

In accordance with authority granted us at Institute meeting last Friday to meet competitive conditions, Savannah will resume brokers' consignments in North Carolina, South Carolina, Georgia, Alabama, and Florida Stop. They will resume trade consignments in Georgia; they will resume brokers' consignments in Kentucky at Louisville, Henderson, Madisonville, and Owensboro Stop. They will resume brokers' consignments in Tennessee in Nashville, Knoxville, Johnson City, Morristown, and Bristol Stop. We have been offered contracts by several firms, some under the market and others carrying advertising allowances stretched over a period of time. We have accepted none of them and wish to state emphatically we have no intention accepting any contracts of this nature.

SAVANNAH SUGAR REFINING CORPORATION.

The above to be sent to the following:
Godchaux Sugars, Inc., New Orleans, La.
Chas. D. Bruyn, National Sugar Refining Co., 129 Front St., New York, N. Y.

W. E. Foster, American Sugar Refining Co., 117 Wall St., New York, N. Y.

H. E. Worcester, Revere Sugar Refining Co., Boston, Mass.

L. V. Place, c/o W. J. McCahan Sugar Refining Co., Philadelphia, Pa.

J. P. Cody, Arbuckle Bros., Old Slip & Water St., New York, N. Y.

Rudolph Spreckles, Spreckles Sugar Co., 82 Wall St., New York, N. Y.

W. H. Hoodless, Pennsylvania Sugar Refining Co., Philadelphia, Pa.

J. Many, c/o Wm. Henderson, 749 South Peters St., New Orleans, La.

Alexander Smith, c/o Peabody Smith & Co., 38 Wall St., New York, N. Y.

(Savannah files.)

2992 *Government Exhibit 408–Q*

AUGUST 16, 1929.

TRI-STATE BROKERAGE COMPANY,
435 Holman Street, Fort Wayne, Ind.

DEAR SIRS: We have today received from the Mitchell Sales and Storage Company, Invoice No. B–01556, dated August 14, 1929, in the amount of *35¢*, covering the cost of hauling 10 containers 1# to the Traction Freight Station for delivery to E. J. Evans Company, Van Wert, Ohio.

In view of the fact that we have cautioned you not to exceed your authority we fail to understand why you authorized a local delivery at our expense when our quoted price is f. o. b. ex-warehouse (Mitchell Sales & Storage Co.).

This delivery may be termed a *special service and is therefore prohibited.* Please consult with us in future when desiring to depart from regulation procedure.

This particular invoice will be passed for payment as we are anxious to dispose of your frozen stocks. However, it is not our intention to establish a precedent for future use.

Please remember you are not authorized to deviate from the usual methods of handling our account without first consulting us.

Yours very truly,

R. S. DE LACY.

(McCahan files.)

2993 *Government Exhibit 408–R*

THE TRI-STATE BROKERAGE CO.,
Fort Wayne, Indiana, August 20, 1929.

THE W. J. MCCAHAN SUGAR REFINING CO.,
101 South Front Street, Philadelphia, Pa.

(Attention Mr. R. S. De Lacy.)

DEAR MR. DE LACY: This will acknowledge your letter of August 16, subject Invoice # B o1556, dated August 14, which you received from Mitchell Sales and Storage Co., Fort Wayne, covering 10 cases of Powdered Sugar which we delivered to The E. J. Evans Company, Van Wert, Ohio.

Note your expressed feeling regarding our action in closing this business. However, inasmuch as this stock had been on hand for months and months, we felt as though you would endorse rather than criticize our action. However, will be guided from this time forward as you have instructed, regardless.

If you like, kindly arrange to check the 35¢ trucking charge to the Tri-State Brokerage Co. You may deduct brokerage due us if you like, or we will remit to cover.

Yours very truly,

THE TRI-STATE BROKERAGE CO.
By R. L. BUTCHER.

(McCahan files.)

2994 *Government Exhibit 408–S*

AUGUST 22, 1929.

TRI-STATE BROKERAGE COMPANY,
Fort Wayne, Ind.

DEAR SIRS: Referring to your favor of August 20th, which is in reply to our letter of the 16th instant relative to a trucking charge of 35¢ covering 10 cases of 1# Powdered sugar delivered to The E. J. Evans Company of Van Wert, Ohio, you apparently do not understand our letter.

It was not and is not our intention to criticise. Our object was to advise you that you are not permitted to deviate from regulation procedure. In other words, you are, of course, permitted a certain freedom of action in handling sales and deliveries, but beyond that we prefer always to have you consult with us.

In this particular case we might be accused of rendering Special Service, which is absolutely prohibited by The Sugar Institute.

Trusting that this explanation will clarify your understanding, we are

Yours very truly,

R. S. DE LACY.

(McCahan files.)

2995 *Government Exhibit 408–T*

OCTOBER 2, 1928.

JUDGE SIDNEY BALLOU,
The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR JUDGE BALLOU: I enclose herewith a letter and circular issued by Russell C. English, Sugar Broker for Hershey at Mobile, Alabama. It seems to me that this letter carries two unethical features:

1st. Service without charge by the request that the customer wire in order collect. This, of course, provided these telegraphic expenses are for the account of Hershey, and not for the account of the broker.

2d. Giving the buyer an option by requesting the order to be wired in for a later confirmation, with prices and terms to be later published.

Very truly yours,

J. MOOG.

(Godchaux files.)

2996 *Government Exhibit 408–U*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 5, 1928.

Mr. J. MOOG,
Godchaux Sugars, Inc., 1012 Masonic Temple Bldg.,
New Orleans, La.

MY DEAR MR. MOOG: Responsive to your letter of October second we have addressed a letter to H. H. Pike & Company and are attaching hereto copy of that letter.

As indicated in the opening paragraph, we feel that we are receiving splendid cooperation from this concern and they seem disposed to comply with all of our suggestions or requests.

Very truly,

THE SUGAR INSTITUTE, INC.,
By FRED G. TAYLOR,
Executive Vice Secretary.

(Godchaux files.)

2997 *Government Exhibit 408–V*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 8, 1928.

Mr. J. MOOG,
Godchaux Sugars, Inc., New Orleans, La.

DEAR MR. MOOG: Responsive to the letter which we addressed to H. H. Pike & Company regarding alleged unethical announcements of their broker, Mr. Hagedorn called at the office this morning and

discussed the items in question. He says that they have in no instance borne the telegraphic expense of brokers who invited their customers to "telegraph orders collect." He further states that they are not in sympathy with such practices, but believes that it is quite usual in some localities for brokers to solicit orders on this basis.

He defended his position in the matter of having announced on September 29th that he would meet any competitive price on the following Monday on the grounds that one of our members (McCahan) made a similar announcement to their trade on that date. He stated that in the absence of a market on that day, which was Saturday, and the unsettled condition that had been injected by Federal on the preceding day, he felt entirely justified in the action which was taken. He showed no disposition to be arbitrary in the matter, however, and said that his company were pleased to get such complaints in order that they might have an opportunity of explaining their motives or correcting their practices if they were in error.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
By FRED G. TAYLOR,
Executive Vice Secretary.

(Godchaux files.)

2998 *Government Exhibit 408–W*

NOVEMBER 29, 1929.

Mr. CHARLES D. BRUYN,
Mr. CHARLES B. CASTLE:

When considering the future course of the Institute, the first point to be considered, in the writer's opinion, is: Shall the Institute be a Policing or an Advisory Body?

In reviewing the results accomplished to date it seems that too much stress has been laid upon the enforcement of the various rules and regulations. Would it not be better to have all members accept in good faith the aims and purposes of the Institute and agree to live up to same morally, as well as physically. Too much time and thought has been given in certain directions as to how a certain ruling might be circumvented by resorting to a technicality in the wording of the ruling itself.

All refiners have in their own office the ability to detect any irregularities which might be resorted to, either intentionally or unintentionally, by a broker. Under the circumstances, should not the members accept liability for their various brokers' actions?

In the writer's opinion, a good many of the rulings have been formed purely on *economic* grounds. These rulings have been sound from this point of view, but from a Sales viewpoint some work severe hardships on the Trade and the Refiners.

If the Institute is to function as an Advisory Body, this will eliminate the necessity for for Institute checking of consigned stocks, which in the writer's opinion, could be handled by the various members. This, of course, provided all agree to live up to the Code morally.

If all members are not willing to live up to the Code morally the purpose of the Institute will fail, inasmuch as the guarantee of non-discrimination as between customers and refiners will be a fallacy.

(National files.)

2999 *Government Exhibit 408–X*

JANUARY 2, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

DEAR SIRS: This is to advise you that, effective December 31, 1929, we terminated our relations with Mr. J. J. Tormay, who has been our broker at Wilkes-Barre, Pennsylvania.

The reasons for terminating our relations were that Mr. Tormay engaged in certain practices which we did not approve of, and which we considered violations of the Code of Ethics.

Very truly yours,

J. F. ABBOTT.

C. C. to Messrs. Bruyn, Cody, Hoodless, Placé, Stone.

(American files.)

3000 *Government Exhibit 408–Y*

JAN. 24TH, 1930.

A. MOSES GRO. CO.,
Yazoo City, Mich.

DEAR MR. MOSES: We certainly hope you did not for a minute imagine we were dispensing with Mr. Bunch's services through any desire on our part. We were entirely happy in the arrangement and hoped it would continue permanently that way; but unfortunately a number of our competitors insisted that the Sugar Institute, of which we are members, send down a special investigator. On the basis of his findings we were politely told by the Enforcement Committee that Mr. Bunch's connection was not in accordance with the Code under which all refiners handle their representatives, and we would therefore have to dispense with his services, the reason being along the line of our letter, which Mr. Bunch said he let you read.

What we want to do is to please you and give you the service your fine volume demands, but there is no getting away from the situation we were in except by the action we took.

Mr. Bunch now writes that if he can work out a way to continue as our representative he will be glad to comply with our ideas, and

we are trying to figure out on what basis such a connection could be arranged that would satisfy the members of the Sugar Institute. You may be sure, if we can figure it out, Mr. Bunch will go back on our list of representatives.

Yours truly,

WM. HENDERSON.

(C. Copy to Mr. H. Bunch—Miss. Brok. Co., Yazoo City.)
(Henderson files.)

3001 *Government Exhibit 408–Z*

MAY 1ST, 1930.

HARMAN & HULSEY,

Tampa, Fla.

DEAR SIRS: We have your bitter complaint of the 29th about unfair competition of Hershey and are dead certain you are right in your facts. The big trouble, of course, is that they are not members of the Institute and, even if they do say, as they have often done, that they are in full accord with its Code and absolutely abide by it, the fact remains that our experience in every direction is to the contrary, and the Institute has no way by which it can demand that they check up and clean up.

Naturally what we are all hoping is that this new tariff will carry a provision putting an extra load on imported refined over and above the usual raw differential. There is a good chance of its being accomplished, and the next few weeks will tell us the story one way or the other. The other angle is that if there is no such tariff provision made, that the refiners, to correct this evil about which you are writing, may feel that they had better make the best of a bad situation by getting Hershey into the Institute; and, of course, if they do that, although there may be some irregularities, they will then have the right to check up Hershey's own record and get things straightened out.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3002 *Government Exhibit 408–A1*

MAY 5, 1930.

Mr. DOOLITTLE,
Care of Farr & Company,
90 Wall St., N. Y. C.

DEAR MR. DOOLITTLE: We beg to acknowledge the order you sent to us for shipment to Caudill-Blair & Co., Morehead, Ky., against their contract of April 3rd, and note Caudill-Blair's statement in their letter of May 2nd to G. W. Stevenson & Co., your subbroker, to the effect that if we do not ship this order on the four-payment plan it will be the last car they will purchase from us.

We regret our inability to ship the car on the four-payment plan, and are putting the order through in the usual way. We would also regret to lose the buyer's future business because of our refusal. Caudill-Blair & Co. does not realize that to comply with their request would be dishonorable and unethical, and more so if done secretly.

To the best of our knowledge, every cane refiner has openly announced as their policy the recommendation of the Sugar Institute to confine all shipments on the four-payment plan in Kentucky to points south of Lexington and Louisville; also to sell the trade north of this line in the regular openly announced customary manner. Regardless of what others do, we could not conscientiously ship the order on the four-payment plan without openly announcing a change in the policy above referred to.

Very truly yours,

ARBUCKLE BROTHERS.

(Arbuckle files.)

3003 *Government Exhibit 408–B1*

[Telegram]

NEW YORK, N. Y., *June 6, 1930—4:28 p. m.*

H. E. WORCESTER, *Boston, Mass.:*

Colonial advises that from this date until further notice will hold themselves free to meet competitive conditions as they find them in their territories.

THE SUGAR INSTITUTE.

(Revere files.)

3004 *Government Exhibit 408–C1*

THE AMERICAN SUGAR REFINING COMPANY,
New Orleans, Louisiana, July 16, 1930.

Mr. C. H. WHITE, Jr.,
The American Sugar Refg. Co., New York.

DEAR MR. WHITE: Replying to that part of your night letter of July 15th reading:

"Refer Section 8, Code Interpretations, Paragraph 2, subject Time for Resales, and see that provisions are enforced strictly."

I am pleased to advise you that in connection with any resales that we participate, the Code of Ethics of the Institute are being carried out to the dotting of an "i" and the crossing of a "t." Our records would stand the closest investigation on this, or any other subject.

With kindest regards, I beg to remain,

Yours very truly,

H. F. BARKERDING,
Sales Manager.

(American files.)

3005 *Government Exhibit 408–D1*

JULY 30TH, 1930.

GREENWOOD COM. CO.,
Greenwood, Miss.

DEAR SIRS: On rereading our wire sent yesterday, where we abruptly said regarding your wire, "no chance", we are sorry we expressed it that way, because it looked as if we were taking you up pretty sharply when you were really trying to facilitate the handling of a transaction which would be to the benefit of everybody concerned. Your letter of the 28th makes it very clear just what you were aiming after.

The whole trouble is that the handling of contracts has been a matter of hot discussion by various members of the Sugar Institute and so very many ways developed by which different refiners were trying to handle shipments to the disadvantage of their competitors that a set of iron-clad rules was drawn up which everybody voted to follow explicitly. You will further remember the circular we sent around where it was shown that anyone who knowingly violated the Code of Ethics or bylaws was subject to a considerable fine and a whole lot of other unhappy penalties. Leaving the penalties out altogether, this house did not want to be in the position of having gone back on what they had definitely and with full knowledge agreed to, and for that reason we could not go ahead with that exchange of cars suggested in your wire whereby we would have made a *consignment* of the Moses car and made a new shipment for *Belzoni*. It is just too bad Belzoni could not use the Moses assortment, but with the car already in transit, that was the only possible solution of the difficulty.

At the present writing we do not know where we can get any resales at 4.50 but there is plenty available at 4.60 with the possibility of 4.55, and if Belzoni is interested at that level, we suggest your wiring.

Again regretting our too abrupt telegram, we beg to remain,

Yours truly,

WM. HENDERSON.

(Henderson files.)

3006 *Government Exhibit 408–E1*

AUG. 11TH, 1930.

C. B. PONDER CO.,
Atlanta, Ga.

DEAR SIRS: We certainly are interested in your long letter about Hershey and what they have done around Atlanta which is the same old story wherever they go. They do something irregular and underhand because if they don't sell that way they very rarely make any sales. That is an old trick of theirs to take some small customers with no rating at all, book him up with some prodigious quantity of sugar and then use that booking as a basis for making resales provided market stays up, while if the market goes down they cancel it on the ground of credit reasons. They are better now than they used to be because they have voluntarily promised to follow the code

of the Sugar Institute even though they are not members, but we have to admit if it came to an issue we could not force them to do anything they do not voluntarily please. We are hoping that your local situation has been relieved but if not we will be glad to take it up through New York with Pike or Mr. Hershey himself and see if something can be done. Please keep us posted.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3007 *Government Exhibit 408–F1*

Nov. 3d, 1930.

MR. FRANCIS R. VAN BUREN,
Secretary, The Southern Committee,
New Orleans, La.

DEAR VAN: It looks like you got off on the wrong foot just as I did about what Institute reports actually mean. Bertoniere told me over the phone that they had decided in the Executive Committee to change their way of saying that a broker was no longer acceptable as a representative for a member of the Institute, that Mr. Moog told him that Alabama Brok. Co. was fired just as absolutely as any of the other brokers reported earlier where they definitely advised refiners that such brokers were no longer eligible. As I understood Bertoniere, Mr. Moog has taken it up with New York about that particular broker and will endeavor to have them so notify refiners involved that they will understand the Ala. Brok. Co. cannot be continued on their list of representatives.

I suggest you phone Mr. Moog and check me up on the point as to whether I understood Bertoniere correctly or not. It is rather important you should because you may have written a letter to Mr. Maxwell on the wrong assumption.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3008 *Government Exhibit 408–G1*

W. N. MAXWELL,
Tuscaloosa, Ala., Dec. 12th, 1930.

WM. HENDERSON,
749 S. Peters St., New Orleans, La.
(Attention Mr. Many.)

GENTLEMEN: What did the Sugar Institute ever do about the Ala. Brokerage Co.? You wrote me sometime ago that you would let me know, and I guess you have forgotten about it.

Thanking you in advance,
Respt'y,

W. N. MAXWELL.

(Henderson files.)

3009 *Government Exhibit 408 H1*

DEC. 13TH, 1930.

Mr. W. N. MAXWELL,
Tuscaloosa, Ala.

DEAR SIR: You can tell Christian & Faucett that car in transit at time of change of terms may be paid for on basis of new terms.

Strictly confidential, that matter of Ala. Brok. Co. stands this way: Colonial Refy. have one foot in the Institute and one out and at this writing nobody seems to know whether they are going to take the second foot out or get back in again. There was no doubt that the Brokerage Co. was fired, but up to the present writing the Colonial Refy. has not indicated whether or not they will honor instructions. The Directors of the Sugar Institute do not want to push them out on that relatively small matter and so for the moment have left the matter in abeyance. Naturally, that is intensely disagreeable to me, as it must be to you, but there seems nothing that can be done just at the moment. One thing you can do, and that is, let me know whether or not they are soliciting offers for any other sugar than Colonial.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3010 *Government Exhibit 408–I*

FEBRUARY 18, 1931.

Memorandum Reference Revised Brokers' Pledge

The preliminary agenda, under the heading of "Miscellaneous Matters for Discussion" carried the sub-heading "C—Second Hand Sales."

The Directors Meeting of January 29th fully discussed this question of control of second-hand sales from all possible angles, and a tentative resolution covering same was presented, which, by reason of the importance of same, was deferred for final consideration to the adjourned meeting on January 30th, at which meeting the revised brokers' pledge, in substantially the form as released, was unanimously approved. The approval was without any reservations.

I call attention to the resolution adopted at the Directors Meeting of September 25, 1930, which I quote following, as amended by the Directors Meeting of November 20th:

"Whereas, the Institute recognizes that its recommendations, although unanimously adopted by the members of the Institute, have no binding effect upon the members, and the Institute has no desire to infringe upon or abrogate the absolute and unequivocal right of each member to follow or not such recommendations; nevertheless, when members have signified to the Institute or other members their intention to follow a recommendation of the Institute, the failure

thereafter of such member so to do may not only bring about confusion in trade and industry, but may also work a hardship upon other members of the Institute who have adopted and are following such recommendation; Now, therefore, be it

Resolved, that it is the sense of this meeting of the Board of Directors of the Institute that: Where a member has signified its intention to follow a recommendation of the Institute, such member should thereafter promptly do so and continue to do so until after the expiration of 10 days from the receipt by the Institute of notice from such member that it intends to cease following such recommendation.

"*Resolved*, that the vote at a meeting of the Board of Directors or of the Executive Committee of a member of the Board or Committee who shall also be an officer of a member, in favor of the adoption of any recommendation to all members, shall be considered an expression by such member of its intention to follow such recommendation; and that if a member shall not have been represented at any such meeting or if any officer of a member shall not have so voted at such meeting, it shall be the duty of such member to advise the Institute of its intention to follow or not to follow such recommendation, within fifteen (15) days of the date of mailing of notice from the Institute of such recommendation."

Based on the above, I desire to take exception to the action as to notice of intent of non-compliance on the part of C. & H. and the Texas City refiners, both of whom were represented at the meeting of January 29th and 30th, at which the resolution in reference to second-hand sales was adopted.

When the representatives of these two companies voted in
3011 favor of this without reservation, they were, as I interpret the resolution of the Directors of September 25th, as amended, bound to place same into effect.

Our Company, with this thought in mind, sent out to all of its representatives the revised brokers' pledges, and therefore feel that we have, to say the least, placed ourselves in an embarrassing position on this question.

I therefore raise the point that any member at any meeting voting for the approval of a matter, if he desires only tentatively to approve, then he should make a reservation to that effect, so that other members will be placed on notice and not act until the clearance of said reservation by Institute executives is accomplished.

J. Mooc.

3012 *Government Exhibit 408–J1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 19, 1931.

To All Members of the Sugar Institute:

Re: Resolutions.

GENTLEMEN: In order to avoid confusion as to when the recommendations or adopted Code Rulings of the Institute become effec-

tive under the 15-day notice rule, we will hereafter circularize such rulings at the expiration of the 15 days, multigraphed on yellow paper as attached.

This yellow circular will serve as interim advice until the regular loose-leaf rulings are issued in each instance.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(Colonial files.)

3013 *Government Exhibit 408–K1*

THE SUGAR INSTITUTE, INC.,
February 19, 1931.

To All Members of the Sugar Institute.

Re: Resolutions.

GENTLEMEN: This is to advise that, inasmuch as no protests have been received by the Institute and the fifteen-day period allowed for such protests has now expired, the following resolutions, which were adopted at the Directors' Meeting of January 29th, are now in effect:

Damaged sugar: "Whereas the application of frozen stocks or damaged sugars on contracts not calling for such sugars affords an opportunity for discrimination and unfair practice,

Be it resolved, That it is recommended that frozen stocks not to be replaced and damaged sugars be not applied to any contract not originally calling for them."

Vest pocket orders: "*Resolved*, That unless openly offered to all buyers, it will be considered unethical for a broker to submit or for a refiner to accept orders other than firm orders submitted for immediate entry; and that the acceptance by the refiner of tentative orders or the 'holding' by the refiner of any orders is discriminatory and is condemned, unless open to all buyers."

Reconsideration of warehouses: "*Resolved*, That no request for reconsideration of a warehouse which has been investigated and found not qualified under the Code of Ethics to store sugar for members of the Sugar Institute, need be considered by the Executive Committee within 90 days after the date of the finding, except upon presentation of new evidence."

Daily withdrawal reports: It is recommended that members require Daily Withdrawal Reports from all warehouses in which their sugar is stored, such reports to be sent directly from the warehouse to the Refiner.

Warehouse receipts: It is recommended that members require regular nonnegotiable warehouse receipts promptly when the sugar is received at the warehouse and that the payment of Invoices for storage service be predicated upon the receipt of same.

Reinstatement of affiliated warehouses: After a finding by the Executive Committee that a warehouse is affiliated, or, if an appeal be taken as provided in such cases, then after such finding shall be affirmed by the Board of Directors, the investigation with respect to such warehouse shall be deemed to be closed, and shall only be reopened upon the application of a member, and upon a showing satisfactory to the Executive Committee that such affiliation has ceased, whereupon the Executive Committee may make findings upon the showing of such member, or may cause the warehouse to be reinvestigated by the employees of the Institute.

Contract enforcement: "*Resolved*, That all unspecified and undelivered balances should be reported as heretofore on the 30th day after the entry of the contract, and that on the 35th day after entry a report should be made to the Institute giving the unspecified and undelivered balances by states."

NOTE.—Attention is called to the approval by the Directors of the action of the Executive Committee Meeting of December 4th, 1930, adopting the report of the proceedings of the meeting of Evansville brokers on November 25th, which report read in part:

"The following warehouses were found to have no buyer or broker affiliation:

The Brokers' Warehouse Corporation,
The Lex Terminal Warehouse Company",

and the addition of the Johnson-Mead Terminal (which will be completed shortly) to the above report.

Please keep in mind that should you, for any reason, wish to cease complying with any of the above resolutions, ten days' notice of such intention should be given to the Institute.

3014 *Government Exhibit 408–L1*

THE AMERICAN SUGAR REFINING COMPANY,
New Orleans, Louisiana, June 4, 1931.

Mr. R. S. STUBBS,
Vice Pres. The American Sugar Refining Co.,
New York, N. Y.

DEAR MR. STUBBS: Replying to your letter of June 1, File 103:

I beg to say that you are certainly correct in taking it for granted that in no instance will I appoint any brokerage firm who to the best of my knowledge is not entitled to be appointed in accordance with the strict interpretation of the Institute's ethics.

Trusting that this satisfactorily replies to your letter, with kindest regards, I beg to remain,

Yours very truly,

H. F. BARKERDING,
Sales Manager.

(American files.)

3015 *Government Exhibit 409*

VINCENT AND SURRENCY, INCORPORATED,
Jacksonville, Florida, March 25, 1930.

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES COMPANY,
Philadelphia, Pa.

GENTLEMEN: We had a visit today from Mr. Harry F. Barkerding, Southern District Manager of the American Sugar Refining Company, New Orleans.

The cause of Mr. Barkerding's visit was to talk over with us certain service that the Pioneer Warehouse has been rendering some of the Trade here. Mr. Barkerding claims that the service is unethical and should be discontinued. We disagreed with him, however; we have promised to write to you and ask that you take the matter up with the Institute, and we will be governed by the decision rendered.

The complaint is against this: when a consignment of Sugar arrives at the Merchants & Miners, the Pioneer Warehouse Company drays the Sugar, charging the Merchants & Miners back with 2½¢ per bag drayage allowance. This, of course, is usual. The warehouse usually asks us to call certain buyers, who are on or near their route from the docks to the warehouse, and secure specifications on any Sugars that they will need that day. This we do and turn the withdrawal orders over to the warehouse. If in these specifications they have sufficient quantity to make a complete dray load of any Sugars that are on the docks, they drop the Sugars at the buyer's warehouse, securing his receipt on their regular dray slip form, rather than bringing it all to the warehouse and forcing the buyer to come to the warehouse for it.

We have talked to Mr. Green, loca Broker for the American Sugar Refining Company, many times about this service and cannot see where we are violating, in any way, anything in the Code of Ethics. As a matter of fact, Mr. Green has been trying to get the warehouse in which he stores his Sugars to render the same service, but they have refused to do it, owing to their location being nearer the docks, and this service would cause them to dray the goods an excessive distance. If the American Sugar Refining Company
3016 stored their Sugars at a warehouse who would be willing to perform this service, we doubt seriously if there would have been a complaint.

Kindly give this matter serious consideration and advise us your wishes.

In closing, beg to advise that if you or the Institute feel that this service is unethical, we can assure you that it is not going to cost us any business, and we are positive that this has not been the means of securing business from our good competitors.

Yours very truly,

VINCENT & SURRENCY,
By D. B. VINCENT.

c/c Harry F. Barkerding.

(McCahan files.)

3017 *Government Exhibit 409–A*

MARCH 29, 1930.

DEAR MR. VINCENT: I am in receipt of your official letter of March 25th regarding Mr. Barkerding's complaint of a practice indulged in by the Pioneer Warehouse.

For your consideration I enclose draft of my proposed letter to Mr. Taylor, of the Institute, regarding Mr. Barkerding's complaint. For your information I *also enclose copy of report dated February 14th, 1930, made to the Institute by Messrs. Proudfoot, Chinal & Company*, regarding the Tampa Brokerage Company, who represent the American in Tampa, Fla. This report must be kept strictly confidential. I shall not send the enclosed letter to Mr. Taylor until you have advised me of your opinion on the subject.

As far as I am concerned, I can see *nothing* that is in any way *unethical* in the arrangements you have described. However, aside from the ethics of the subject, I would like to have you give consideration to the possible, or probable, consequences which would follow a refusal on our part to modify the arrangements with the Pioneer Warehouse.

In Miami, Florida, Hershey had been making "direct shipments" by the all-rail route from Cuba through Key West to the buyer's switch. This competition, which gave the buyer free delivery to his place of business, eventually led to all refiners having to announce that the trucking expense from the docks to buyers' warehouses would be absorbed by refiners. Naturally, this is an expensive procedure and furthermore severe irregularities have grown up due to the employment of "dummy" trucking companies.

Is it possible that a refusal on our part to modify the service offered on our sugars by the Pioneer Warehouse may lead to the announcement by other refiners of "free delivery" to buyers' warehouses in Jacksonville?

I wish you would give this subject your further careful consideration. I shall wait to hear from you before taking further action.

3018 Assuring you that I find absolutely nothing unethical in the arrangements of the Pioneer Warehouse and thanking you for taking this matter up with us, I remain,

Yours sincerely.

Mr. D. B. VINCENT,
Vincent & Surrency, Jacksonville, Fla.

LOUIS V. PLACÉ, Jr.

(McCahan files.)

3020 *Government Exhibit 409–C*

VINCENT AND SURRENCY, INCORPORATED,
Jacksonville, Florida, April 2, 1930.

Mr. LOUIS V. PLACÉ, Jr.,
The W. J. McCahan Sugar Refining & Molasses Company,
Philadelphia, Pa.

DEAR MR. PLACÉ: I certainly appreciate yours of the 29th ultimo regarding the drayage of Sugar.

The angle that you bring up is certainly very important; that is to say, there might be a *possibility of all Refiners making "store-door" delivery* at Jacksonville. We, of course, would not care to involve you or any of the other Refiners in an expense of this matter and *if you consider that this is possible, expect that it would be best that we discontinue the practice.* We might advise you, however, that we have been doing this for the past couple of years and it hasn't seemed to have had any material effect on our business one way or the other.

We have never sold any Sugar or taken any business with the understanding that this service would be performed, and the buyers know this to be a fact. We have always felt that this was *a courtesy that cost us nothing* and allowed the buyer no special compensation and are rather surprised that American should take the stand that they do. I expect Barkering is going to make a report to the Institute on it, and possibly under the circumstances, we had better let them tell us whether or not to continue the practice.

As we wrote you before, it is perfectly agreeable with us to discontinue the practice, as it will not cost us any business whatever. On the other hand, I expect it is going to reflect on American for making the report that will prevent the jobbers securing this courtesy.

Certainly appreciate the manner in which you have taken this and your confidence in us in sending us copy of these letters.

3021 We await with interest your advices.

Very truly yours,

D. B. VINCENT.

(McCahan files.)

3022 *Government Exhibit 409–D*

APRIL 3, 1930.

DEAR MR. VINCENT: Not having heard from you in reply to my letter of March 29th and not wanting to delay further in communicating to the Institute the contents of your letter of March 25th, I have this morning written to Mr. Taylor, of the Institute, as per enclosed copy.

Some of the other refiners are beginning to ask questions on this subject. Therefore, I have considered it best to voluntarily write to the Institute as I have, rather than to await for a *formal complaint*

which might be lodged against us later. I trust you will find my action satisfactory.

Remaining in wait of your further advices in reply to my letter of March 29th, I am,

Yours sincerely,

LOUIS V. PLACÉ, Jr.
H. B.

Mr. D. B. VINCENT,
Vincent & Surrency, Jacksonville, Fla.

(McCahan files.)

3023 *Government Exhibit 409–E*

APRIL 3, 1930.

DEAR MR. TAYLOR: For your kind consideration I enclose copy of a letter dated March 25th addressed to us by Messrs. Vincent and Surrency, who are our brokers in Jacksonville, Fla.

It is my opinion that *the arrangement regarding which Mr. Barkerding is complaining is not any more unethical than is the arrangement which Mr. Barkerding himself has for the delivery to St. Petersburg* of part of consignment shipments made to Tampa, Florida. As a matter of fact, the Tampa arrangement involves the Steamship Company in performing an extra service without charge. The Jacksonville arrangement does not involve any such unethical conduct on the part of any factor involved.

We are conducting a further investigation into this subject and have communicated with Messrs. Vincent & Surrency regarding the advisability of instructing the Pioneer Warehouse to discontinue the special service described in the enclosed letter.

Yours sincerely,

LOUIS V. PLACÉ, Jr.
H. B.

Mr. FRED G. TAYLOR,
The Sugar Institute, Inc., New York, N. Y.

(McCahan files.)

3024 *Government Exhibit 409–F*

MAY 9, 1930.

DEAR MR. VINCENT: After long delays there was a discussion, at the *Institute meeting yesterday*, of the special draying service extended by the Pioneer Warehouse, as described in your letter of March 25th. *At no time during this discussion was it intimated by anyone that the special draying service was in any way unethical. However, it was evident that the American intended to attempt to meet our competition in some way, unless we agreed to discontinue present practices.* Therefore, in accordance with your letter of April 2nd on the subject, I agreed to request you to cease the special service described

in your letter of March 25th. I believe you are correct in stating, in your letter of April 2nd, that this will react to the disadvantage of the American.

It may interest you to know that, at the meeting yesterday, the *American agreed to discontinue the special service to St. Petersburg described in Messrs. Proudfoot, Chinal and Company's report of February 14th*, copy of which I sent to you with my letter of March 29th.

Regretting that the accommodation you have been rendering to certain of your customers must be discontinued, but trusting that you approve of my action in agreeing to do so, I am,

Yours sincerely,

LOUIS V. PLACÉ, Jr.
H. B.

Mr. D. B. VINCENT,
Vincent and Surrency, Jacksonville, Fla.

(McCahan files.)

3025 *Government Exhibit 409–G*

VINCENT AND SURRENCY, INCORPORATED,
Jacksonville, Florida, May 12, 1930.

Mr. L. V. PLACÉ, Jr.,
% The W. J. McCahan Sugar Refining Company,
Philadelphia, Pa.

DEAR MR. PLACÉ: Yours of the 9th instant to the writer received, noted, and indeed appreciated.

We are instructing the Warehouse today to discontinue the practice of delivering Sugars from the docks, and are sure that our competitors will not have reason again to complain.

Cordially yours,

D. B. VINCENT.

(McCahan files.)

3026 *Government Exhibit 409–H*

MAY 14 1930.

DEAR MR. VINCENT: I wish to thank you for your letter of May 12th, in reply to mine of the 9th.

For your information I enclose copy of my letter of today to Mr. Taylor of the Institute.

Yours sincerely,

LOUIS V. PLACÉ, Jr.
H. B.

Mr. D. B. VINCENT,
Vincent & Surrency, Jacksonville, Fla.

(McCahan files.)

3027 *Government Exhibit 409–I*

MAY 14, 1930.

DEAR MR. TAYLOR: Referring to my letter of March 29th, enclosing copy of letter from Mr. D. B. Vincent, our Jacksonville broker, and referring to our conversation in your office last Thursday, I now enclose copy of letter dated May 12th addressed to me by Mr. Vincent regarding special services rendered by the Pioneer Warehouse of Jacksonville.

I wish to again go on record to the effect that, in my opinion, there was absolutely *nothing* "*unethical*" in the special services rendered by the Pioneer Warehouse. These services were performed, without additional expense on the part of any factor involved, to the mutual benefit of all concerned. However, as a source of *irritation to competitors*, these practices have been voluntarily discontinued.

Yours sincerely,

LOUIS V. PLACÉ, Jr.
H. B.

Mr. FRED G. TAYLOR,
The Sugar Institute, Inc., New York, N. Y.

(McCahan files.)

3028 *Government Exhibit 411*

[Telegram]

NEW YORK, N. Y., *July 31, 1928—4:7 p. m.*

WM. S. PARDONNER,
Savannah Sugar Refg. Corpn., Savannah, Ga.:

At meeting of executive committee plus Revere opinion was unanimous that your tolling contract with manufacturer was violation of code and I was instructed to obtain opinion of three refiners not represented to make this unanimous in accordance with your letter.

THE SUGAR INSTITUTE.

(Savannah files.)

3029 *Government Exhibit 411–A*

[Telegram]

NEW YORK, N. Y., *Aug. 9, 1928—12:38 p. m.*

W. S. PARDONNER,
Savannah Sugar Refg. Corpn., Savannah, Ga.:

Responsive to your proffer of July twenty-seventh to abide decision of unanimous opinion of directors regarding tolling contracts, we have submitted the proposition to them individually and have their replies indicating very positive approval of the action of executive committee already communicated to you.

THE SUGAR INST.

(Savannah files.)

3030 *Government Exhibit 411–B*

SAVANNAH, GA., *October 23, 1930.*

Mr. FRANK E. SULLIVAN,
Western Sugar Refinery, San Francisco, Cal.

DEAR FRANK: I note in telegram from the Institute that your Company has objected to the resolution on car-tracing audit. I also have objected to this, and I send you herewith copies of my letters to the Institute and letter from the Institute to me. If you do not mind, I will be glad to get a copy of the letter you wrote, stating your objections, so as to see whether we objected along the same lines.

In a discussion with Thomas Oxnard the other day it occurred to us that if the Western at the present time is supplying their Chicago trade via all rail from San Francisco, and is doing a 10,000-bag-a-month business in Chicago, we could make a very nice hookup between the Western and Savannah in filling each other's bags. For instance, if you are shipping all rail to Chicago, you are paying a rate of 84 cents. By filling Sea Island bags here at Savannah for your Chicago trade, we could put it into Chicago for 56½ cents. In order to give you the return value you could fill Dixie Crystals bags, which we would send you, and lay it down in New Orleans for us at seven or eight cents, as I believe that it now only costs you about twenty to twenty-two cents through the Panama Canal to put your sugars in New Orleans.

I believe something can be worked up along these lines if you are shipping sugars as indicated in this letter, and it might be well for us to have a conference on this question when you come East. By the way, when do you expect to come East?

With very best regards, I am,

Yours very truly,

President.

(Savannah files.) C

3031 *Government Exhibit 411–C*

(General—Other Refiners)

[Copy]

WESTERN SUGAR REFINERY,
San Francisco, October 29, 1930.

Mr. B. O. SPRAGUE,
President Savannah Sugar Refining Corp.,
Savannah, Georgia.

DEAR BENNIE: I was very glad to receive your letter of October 23rd, and enclosures setting forth your position in the matter of Institute audit. I enclose copy of our telegram to the Institute and also a letter we wrote them explaining our position, not only in the audit matter, but with regard to other restrictions as well. *I am becoming out of sympathy with this increasing number of taboos*

we are being surrounded with. So far as the Code of Ethics is concerned, we have been complying with it to the best of our knowledge. *We got into a jam in the matter of some toll sugars.* I am not entirely clear on the merit of the complaints. However, the *Executive Committee is holding the matter over us until I go to New York when the members expect to talk to me about it.*

With reference to the Chicago matter, Bennie: Practically all of the sugar we ship there is shipped through the Canal to New York and by barge to Chicago. We store, during the open season, sufficient to last us when transportation is closed. In that way we reach Chicago on a 56½ cent basis. I will be glad to discuss the subject with you, however, when I go east. My plans in that direction remain indefinite. I rather expect to be there between the fifteenth and twentieth of November, depending entirely upon some of our local administrative affairs in connection with properties other than sugar.

With sincere regards, I am,

Very truly yours,

(Signed) FRANK.

Please keep all of this confidential.

(Savannah files.)

3032 *Government Exhibit 412*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 31st, 1928.

To all members of the Sugar Institute, Inc.:

Subject: Return of Empty Bags.

GENTLEMEN: You are requested to file with the Executive Secretary a memorandum of all existing contracts calling for the acceptance by you of returned empty bags, whether for refilling, allowance, or repurchase.

This matter was discussed at the Directors' Meeting of February 7th, at which time it was determined that the practice was so open to irregularities and abuse that it should be discouraged. Some members at that time referred to outstanding contracts which would have to be fulfilled, and the Executive Secretary wishes to have a full memorandum of such contracts on file.

Very truly yours,

SIDNEY BALLOU, *Executive Secretary.*

(Revere files.)

3033 *Government Exhibit 412–A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, June 24, 1929.

To Members of the Sugar Institute, Inc.:

GENTLEMEN: We are in receipt of letter from the Domestic Sugar Bureau, copy of which is enclosed.

Will you please let us have any information you may have on this subject?

Very truly yours,

SIDNEY BALLOU, *Executive Secretary.*

(Revere files.)

3034 *Government Exhibit 412–B*

DOMESTIC SUGAR BUREAU,
120 South La Salle Street, Chicago, Illinois, June 17, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City, N. Y.

GENTLEMEN: We have been informed that certain sugar companies are continuing to use bags furnished by the National Biscuit Company. Will you kindly ascertain the facts from your membership? We are doing likewise.

Yours very truly,

J. O. DOUGLAS, *Executive Secretary.*

(Revere files.)

3035 *Government Exhibit 412–C*

[Copy]

JUNE 25, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

GENTLEMEN: Replying to your letter of the 24th, we wish to advise you that we are not using bags furnished by the National Biscuit Co. We understood that this was contrary to the ruling of the Sugar Institute.

Yours very truly,

REVERE SUGAR REFINERY.

C. C. H. E. Worcester, Vice Pres.

(Revere files.)

3036 *Government Exhibit 412–D*

E. L. COOK & Co.,
Chattanooga, Tenn., March 7th, 1929.

COLONIAL SUGARS CO.,
New Orleans, La.

GENTLEMEN: Replying to your letter of the 6th, we were unable to interest the Chero Cola Bottling Co., due to the fact that competition is offering to repurchase their empty sacks and thereby making them a saving of approximately five to ten cents a bag.

Our information is that this proposition is being offered by Hershey, and this is the second case that has been called to our attention, the other being Bennett-Hubbard Candy Co.

Particularly for these two customers who hope you will be able to give us some repurchasing proposition very shortly, as we do not believe Chero Cola bought to any extent on the last advance, and if we are able to meet this competition will no doubt be able to secure their requirements for the present season, and Bennett-Hubbard are also anxious that we make some similar arrangement.

Yours truly,

E. L. COOK & Co.

(Colonial files.)

3037 *Government Exhibit 412–E*

COLONIAL SUGARS COMPANY,
New Orleans, La., March 9th, 1929.

COLONIAL SUGARS COMPANY,
136 Front Street, New York, N. Y.

(Attention Mr. Newman.)

GENTLEMEN: Referring to yours February 18th, in regard to the repurchase of empty bags at Chattanooga, we are enclosing copy of letter March 7th, from Mr. Cook. We are writing Mr. Cook today, copy of our letter to you, that we cannot meet such competition as transactions of this nature are not in accord with the Code of Ethics, which specifically provides against such repurchases.

Very truly yours,

COLONIAL SUGARS COMPANY,
C. N. WOGAN, *General Agent.*

(Colonial files.)

3038 *Government Exhibit 412–F*

COLONIAL SUGARS COMPANY,
New Orleans, La., March 9th, 1929.

Messrs. E. L. COOK & Co.,
Chattanooga, Tenn.

GENTLEMEN: We have your letter March 7th, in regard to the repurchase of empty bags from Coca-Cola Co., by Hershey, and regret that we cannot meet this competition, as the Code of Ethics specifically provides against transactions of this kind.

Very truly yours,

COLONIAL SUGARS COMPANY,

General Agent.

C/C Mr. Newman, N. Y. Office.

(Colonial files.)

3039 *Government Exhibit 412–G*

KENNETH L. FOX & CO.,
400 West Madison Street, Chicago,
September 26, 1930.

W. J. MCCAHAN SUGAR REF. & MOL. CO.,
101 South Front Street, Philadelphia, Pennsylvania.

GENTLEMEN: One of our good friends who has been using considerable McCahan's Standard Sugar in bags has asked us to take up with the refinery and ascertain if it could be arranged so that they could return the McCahan bags for refilling, with the idea of a slight saving to both the refinery and themselves.

We advised them that the Institute's code of ethics was apparently opposed to this, but would, however, take the matter up with you on their special request.

Will you kindly let us have your views in the matter at an early date and greatly oblige.

Yours very truly,

KENNETH L. FOX & CO.,
By W. C. FOX.

(McCahan files.)

3040 *Government Exhibit 412–H*

OCTOBER 1, 1930.

KENNETH L. FOX & COMPANY,
400 W. Madison Street, Chicago, Ill.
(Att. Mr. W. C. Fox.)

DEAR SIRS: We acknowledge receipt of your letter of September 26th concerning the possibility of one of your buyers returning to us for use over again the bags which we ship to him. However, as you have intimated, it has been decided by the Institute that such a practice should not be followed. For ready reference we quote the following from the Code of Ethics and Interpretations, Section I, Page CI, paragraph I (a):

"Discrimination through use of: Used Bags: The making of an allowance on used bags returned by the customer or for the use of customer's bags, constitutes a special allowance and the practice is so open to irregularities and abuse that it should be discouraged."

We appreciate the buyer's thought in having had in mind saving us some expense through the working out of the plan suggested, but you can see that this would be impossible in view of the above regulation.

Yours very truly,

NORMAN CROCK.

(McCahan files.)

3041 *Government Exhibit 412–I*

LIFE SAVERS, INC.,
Port Chester, N. Y., January 31st, 1931.

THE AMERICAN SUGAR REFINING CO.,
120 Wall Street, New York City.
(Att. Mr. J. W. Mooney, Sales Mgr. Eastern Div.)

GENTLEMEN: Early this morning we were surprised to be told that the matter of returnable bags had been rejected by the Institute members. You told us that you were 100% for returnable bags and so did National.

It is impossible for us to conceive of concerns of the caliber and size of your concern who would let some others tell them what they are and what they are not going to do. If you are willing to furnish us sugars in returnable bags, why don't you do it? That is the only way you can convince us that you are 100% in favor of it.

The situation reminds us of certain voters we used to know who were wet all year and voted dry at the polls, or visa versa. It is impossible for us to conceive that you are not running your business the way you want to. It is your business and no one has a right to dictate your policy. If you are really in favor of returnable bags it is evident that you are letting others tell you how to run your business. If you choose to do this, of course, that is your privilege. We are merely expressing our opinion. You may not think very much of it but nevertheless it is our opinion.

Yours very truly,

LIFE SAVERS, INC.,
G. W. POSTHILL,
Manager of Purchases.

(American files.)
cc—L. B. Henry's Sons.

3042 *Government Exhibit 413*

MAY 15, 1929.

Mr. F. K. SAFFORD,
G. E. Bursley & Co., Ft. Wayne, Ind.

DEAR MR. SAFFORD: I am in receipt of your letter of May 7 in regard to your opening a Cash and Carry branch of your business.

We are sorry but under the *rulings of the Institute* we are not allowed to pay jobbers anything for advertising. Hope, however, your venture will prove a profitable one and that you will find it possible to feature Jack Frost sugars.

Yours very truly,

THE NATIONAL.

(National files.)

3044 *Government Exhibit 413–B*

JUNE 13, 1929.

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front Street, New York City.

DEAR JUDGE BALLOU: Will you kindly note the proposition presented in the attached letter and let us know if you feel that this would be violating the Institute's resolution with reference to cooperative advertising.

If you do feel that this would be in violation of the Institute resolution, will you be kind enough to circulate the information that we have declined this request. Mr. Abbott advised me that you recently did this in connection with the request that he passed along to you from the Franklin Company.

Yours very truly,

General Sales Manager.

CHW.JR:AB.

(Hand written notation:) Institute circulated this request in their last minutes.

(American files.)

3045 *Government Exhibit 413–C*

[Copy]

SPRINGFIELD, MASS., *June 5, 1929.*

Mr. W. V. V. WARREN,
Sales Manager, Boston Sales Office,
Board of Trade Building, Boston, Mass.

DEAR SIR: The Springfield Sugar Products Company are having one of their large trucks painted and they have space on the sides which they use for advertising purposes. The Snyder Packing Company, packers of canned goods, are advertising on one of their trucks and they asked me if we would want to have a sign on this truck that they are painting, advertising our Domino products. The cost would be about $50.00 and would be in use for about five years.

Mr. Katz says that he had both American and National in mind, but in view of the fact that he has been using a considerable amount of our sugars he has given me the first offer. If this is within the law, I would recommend that we take this offer as I feel quite sure that I shall be able to get more of his business with this connection. They will no doubt speak to you or Mr. Leonard regarding this matter. I would like to receive an answer regarding your views.

Yours truly,

G. E. SHEPARD, *Broker.*

(American files.)

3046 *Government Exhibit 413–D*

JUNE 13, 1929.

Mr. W. V. V. WARREN,
Boston, Mass.

DEAR MR. WARREN: I am sorry about the delay in replying to your memorandum of June 5th in connection with the proposition submitted to you by the Springfield Sugar Products Company.

It was necessary to pass this along to the Institute and I have not yet heard from them. You may be sure of one thing—that if it is necessary for us to turn this down, our competitor will also. I shall let you hear from me as promptly as possible, I hope before the week is out.

Yours very truly,

General Sales Manager.

CHW. JR: AB.

(American files.)

3047 *Government Exhibit 413–E*

JANNEY-MARSHALL CO., INC.,
Fredericksburg, Va., August 20, 1930.

NATIONAL SUGAR REFINING CO.,
129 Front Street, New York City.

GENTLEMEN: We are going to open in our territory within the next ten days about 25 Nation Wide Service Stores. The Nation Wide Stores have been successfully operated in the New England States for a number of years and we are just beginning to open them in our section. This is a cooperative work on our part to help the independent merchant regain some of the business he has lost.

It is our desire to make a big hit on the opening day, and have decided to give away in each store a few baskets of groceries. We are wondering if you would like to make a contribution, say of two cases XXXX Sugar.

We would appreciate it if you would let us know at once, so that in the event you can not make this contribution we will be able to make other arrangements.

Very truly yours,

JANNEY-MARSHALL CO.
Per S. M. JANNEY.

(National files.)

3048 *Government Exhibit 413–F*

AUGUST 26, 1930.

JANNEY-MARSHALL CO., INC.,
Fredericksburg, Va.

Attention: Mr. S. M. Janney.

GENTLEMEN: It would be a pleasure to cooperate with you in the opening of your twenty-five Nation Wide Service Stores, and we

certainly would be glad to do anything we can in connection with this opening. Unfortunately, however, we cannot make any donations of sugar due to the fact that such donations to buyers and distributors of sugar are prohibited by the "Code of Ethics" of the Sugar Institute.

Yours very truly,

THE NATIONAL SUGAR REFINING COMPANY OF N. J.

(National files.)

3049 *Government Exhibit 413–G*

SAVANNAH, GA., *Sept. 29, 1930.*

Mr. JOHN J. MANY, Jr.,
WM. HENDERSON,
749 South Peters St., New Orleans, La.

DEAR JOHN: Our broker in Knoxville, Tennessee, is complaining that you people are carrying an advertisement with the Quality Service Stores of that city. He says that according to his information this advertisement is being paid for by a lady who is working the trade in that city for your Company.

At the meeting of the Institute last week it was decided that in addition to refiners' advertising, brokers' advertising should also conform to the Code of Ethics, which prohibits buying space in a customer's advertisement.

Will you please check up on this and let us know what you find out?

Very sincerely yours,

Vice President.

TO: McC.

P. S.—I am sorry that I did not get down to New Orleans on September 10th for the meeting, as my brother tells me that he had a most enjoyable time.

(Savannah files.)

3050 *Government Exhibit 413–H*

THE NATIONAL SUGAR REFG. CO. OF N. J.,
129 Front Street Office, December 15, 1930.

Mr. KENNETH H. HALL:

With reference to your memorandum of December 8th relative to the excellent cooperation given the Jack Frost Sugars by John English, of Schenctady, in his advertising and merchandising campaign, as you know, it is quite impossible for us to assume any part of the expense of this work. I am sure you will agree that we appreciate this business, but it clearly is within the scope of the ruling of the *Sugar Institute* which prevents us from advertising in cooperation with or making allowance to a buyer of sugar.

As you know, our Jack Frost Sugars have been used in this way in many instances, especially by Coffee people, but in every such instance these sugars were bought and paid for on our regular list price.

As to the suggestion made that storekeepers ask for other brands of sugar, this possibly may happen in some few instances, but I believe that if Mr. Rees takes into consideration the very strong and continued advertising Jack Frost Sugars are receiving in his territory at the present time he will be convinced that they offer him the best possible brand of sugar he could use for the above-mentioned purpose.

A. D. S. PALMER.

(National files.)

3051 *Government Exhibit 413–I*

SEPT. 16, 1931.

SMITH BROS. BROKERAGE CO.,
Tyler, Texas.

DEAR ROY: Yours of Sept. 11 in regard to Mr. Sledge's Coffee advertisement.

Personally, I would like very much to go on with this proposition with Mr. Sledge, but under the requirements of the Code of Ethics of The Sugar Institute we do not participate in any advertising which could be classed as discriminatory or to the advantage of any one buyer against the other. We have many calls from all directions for such participation and have so far not gone into any of them. I appreciate Mr. Sledge's friendship and his support and cooperation over the many years I have known him, and personally would like to go with him but just simply can't do it—and hope you can explain it to him satisfactorily.

Very truly yours,

Sales Manager.

ORA:AD.

(Texas files.)

3052 *Government Exhibit 413–J*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, December 31, 1931.

File: M–602.

Mr. THOMAS OXNARD,
Savannah Sugar Refining Corp'n,
Savannah Bank & Trust Co. Bldg., Savannah, Ga.

DEAR TOMMY: We have recently received a letter from a member wherein it is alleged that Savannah is furnishing the General Foods Corporation quantities of wrapped tablets upon which no charge is made. If this allegation is correct, it would constitute a violation of the Code of Ethics.

A sample of the wrapper at hand shows an advertisement for Maxwell House coffee. Your attention is drawn to Section II, Par. 3 of the Code Interpretations, which reads:

"Advertising by refiners or brokers should be confined strictly to such advertising as is wholly selected, directed, and controlled by the refiner or the broker, with the sole purpose of reaching and influencing consumers, without relation to the business of any buyer or distributor."

We will be pleased to have any comments you may care to make relative to delivering wrapped sugar without proper charge according to your openly announced prices and terms, and also on the question of advertising with relation to the business of a buyer.

Very truly yours,

THE SUGAR INSTITUTE, INC.
W. W. PATTERSON.

(Savannah files.)

3053 *Government Exhibit 413–K*

SAVANNAH, GEORGIA, *Dec. 31, 1931.*

Mr. W. W. PATTERSON,
The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR BILL: Answering your letter, file M–602, about Savannah furnishing the General Foods Corporation wrapped tablets free of charge, I find upon investigation we did send out six cases of wrapped tablets, bearing our imprint on one side and the Maxwell House imprint on the other side, to the Food Demonstrators of the Maxwell House Coffee people.

Now that you have brought it to our attention, I see where it is a violation of the Code of Ethics, and we will discontinue giving them any more. Of course, we cannot very well ask them to send back what wrapped tablets they may have on hand. The way it came about was that a couple of our brokers wrote in and said that Maxwell House Demonstrators would be glad to use our wrapped tablets if we would furnish them. We did not stop to think that Maxwell House is a branch of the General Foods Corporation, because as a matter of fact we are not in a territory where General Foods Corporation operate any of their factories and have never sold them, and this action was taken by us with the thought of getting some cheap advertising without realizing that we were furnishing goods free of charge to a buyer of sugar.

Very truly yours,

Vice President.

To: McC.

(Savannah files.)

3054 *Government Exhibit 413–L*

SAVANNAH, GA., *February 4, 1932.*

Mr. A. C. STEVENS,
General Food Company, Atlanta, Ga.

MY DEAR MR. STEVENS: I have just returned from an extended trip and find your correspondence relative to the Tampa Fair. When we first started supplying your sales force with sugar, we did not know that it is contrary to the Code of Ethics of the Sugar Institute. Our attention has been called to this and therefore, when our present supply of tablets with your wrappers is exhausted, we will be forced to discontinue this donation.

As far as the Gasparilla Carnival, you mentioned that you would like 100 cartons. Do you mean by this 100 2-lb. cartons or a total of 200 pounds and are these to be the wrapped tablets or our regular tablets or our Cubes? Please understand that we make both Cubes and Tablets. If it is 200 pounds of sugar which you desire, we will be more than glad to supply you if you will tell us the date and address.

Yours very truly,

B. A. OXNARD,
Sales Manager.

(Savannah files.)

3055 *Government Exhibit 415*

SAVANNAH SUGAR REFINING CORPORATION,
December 22, 1927.

Memorandum to W. S. P. from B. O. S.:

Hoodless called me up while you were out, saying he had promised to let you know what happened the last day in New York, after you had left.

A Steering Committee was appointed, consisting of Foster, Manuel Rionda, Jr., Spreckels, Post, and Goetzinger. The object of this Committee is to get everything lined up for the future meetings.

For the present all Refiners have agreed to go along as they are, and they have all agreed that no contracts will be made at the present time for over thirty days with any concessions; in other words, they will not sell sugar ahead for more than thirty days, under any special terms, guarantees, or rebates.

He said to tell you that he felt a lot of good was coming out of these meetings, and that they felt there would be no opposition from Washington.

(Savannah files.)

3056 *Government Exhibit 416*

[Copy]

ARBUCKLE BROTHERS,
New York, May 3rd, 1930.

To all the Brokers:

Referring to our recent announcement that we had adopted as our policy the recommendation of the Sugar Institute on contract enforcement, we are now advised that the recommendation anticipated that where purchases exceed the credit lines of the purchasers, the excess amounts will be shipped on draft terms, unless other satisfactory credit arrangement is made. In other words, the buyer's line being full will not be sufficient reason for extending the shipment date.

ARBUCKLE BROTHERS.

3057 *Government Exhibit 417*

[Postal Telegraph]

NEW YORK, N. Y.
October 20, 1929—3:40 p. m.

Mr. HENRY E. WORCESTER,
15 Broad St., Boston, Mass.:

Enforcement committee in session today suggests posting following notice in reference to contract enforcement and that brokers be circularized with same Stop. Quote memorandum in reference to deliveries of five twenty-five contracts Stop. First, all contract on which specifications have been furnished on or before close of business on August twenty-third will be shipped or delivered
3058 immediately to the limit of our capacity. Shipping or delivering all customers in proportion to the total amount of their undelivered five twenty-five sugar Stop. Second, on all contracts on which specification have not been furnished and where there is no question of customers credit shipments or deliveries will be made immediately and in preference to shipments on contracts on which specifications have been furnished Stop. Third, on all contracts, parenthesis, both those on which specifications have been furnished and those on which specifications have not been fur-
3059 nished by close of business on August twenty-third, end of parenthesis, where there is a question of customers' credit shipments or deliveries will be made immediately up to the limit of the customers credit and a demand made not later than Monday August twenty-sixth for cash to cover the balance of the contract which is beyond customers' credit limit Stop. Such demand will be followed with statement that such cash funds must be in our hands not later than Tuesday, August twenty-seventh, and if such funds are
3060 not furnished at such time customer is to be considered in breach of contract Stop. Immediately thereafter we will notify customer that he is in breach of contract Stop. This notice

is in line with the policy of this company as to strict enforcement not only of contracts above specified but all subsequent contract unquote Stop. Similar instructions with suitable modifications suggested for guaranteed contracts as employed on five-cent contracts.

SUGAR INSTITUTE.

(Revere files.)

3061 *Government Exhibit 418*

[Letterhead of Savannah Sugar Refining Corporation]

SAVANNAH BANK & TRUST CO. BUILDING,
Savannah, Ga., Nov. 12, 1929.

MR. FRED G. TAYLOR,
Executive Vice Secretary, The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR MR. TAYLOR: I should appreciate if you would bring up for discussion at the meeting on Thursday a question in which we are interested. With the rigid enforcement of 30-day contracts now in effect, we find that we are now seriously handicapped in the states of Alabama, Kentucky, and Tennessee, owing to the added time in transit available to buyers in these states who desire to take their sugar via barge.

We have received several complaints and protests from jobbers to whom we have sold sugar that when they send in their specifications on the thirtieth day and really want a delay they get their sugar in four to six days, whereas if they book this sugar with a New Orleans refiner and want a delay, they can ask that the sugar be moved forward via barge, which gives them anywhere from two to three weeks' delay and sometimes even longer when the barge equipment is not available.

It is our thought that it would be only fair that in these states where the barge rate is the ruling rate a refiner unable to avail himself of the barge transportation *would be given permission to grant a delay when requested, but not to exceed fifteen days.*

Yours very truly,

(sgd.) THOMAS OXNARD,
Sales Manager.

(Institute files.)

3062 *Government Exhibit 418-A*

Institute open file

SEPTEMBER 18, 1928.

Judge SIDNEY BALLOU,
The Sugar Institute, Inc., 129 Front St., New York, N. Y.
Subject: Contract Form.

DEAR JUDGE BALLOU: As mentioned at the last Directors' Meeting, I trust that the Executive Committee of the *Institute will give con-*

sideration to the advisability of a change from the present 30-day contract form and in lieu of same adopt as the basis contract a prompt-delivery contract form. In order that my views on this subject may be before the Executive Committee of the Institute, I beg to suggest the following:

Prompt Delivery Contract

1. All basis price announcements of refiners to be for acceptance of business for prompt delivery only.
2. Prompt delivery to be defined as obligation to be fulfilled within 10 days of the entry of order.
3. Prompt delivery contract sales for shipment from refinery to be only entered where specifications accompany order.
4. All prompt-delivery contracts are without guarantee as to price.

30-Day Contracts

Deploring, as I do, the necessity for selling sugar on the guarantee form of contract, yet, as that sales policy is now in force in a very large percentage of the sales territory of the Institute Members, it appears to me that it may be necessary unless such sales method can be changed by a majority of the Institute members to a nonguarantee basis of selling, that the Sugar Institute, being a national institution, must give consideration to viewing policies from a national viewpoint.

The selling of sugar with price guarantee is giving a service to certain sections of the country without charge which is not afforded to the sugar trade in other sections. I am firmly of the opinion that there should be a service charge, if guarantee contracts are to remain in effect, and that the minimum for such service charge for a 30-day guarantee contract should be 10¢ per cwt.

Furthermore, the 30-day guarantee contract should be only effective for direct refinery rail shipment. If the prompt-delivery contract is adopted as a basis contract, there should be no need for the guarantee contract to be applied to spots stock withdrawal business.

3063 I want to say here that our company favors the elimination of guarantee contracts, and we urge for consideration by the Institute the discontinuance of all guarantee contracts, and suggest that further negotiations be carried on with the beet and western refining interests for the elimination of guarantee contracts, which would be unnecessary were the prompt delivery contract adopted.

If it is impossible to bring about the entire elimination at this time of the guarantee contract, I would then suggest, as previously mentioned, a 30-day guarantee contract carrying a 10¢ service charge, but limit such contracts to direct refinery, rail shipments in 60,000-pound minimum carload lots, such contracts not applicable to spot stock withdrawals, pool cars, or team track deliveries.

I would be pleased to hear from you as to the reaction of the Institute members on the subject matter of this letter.

Very truly yours,

J. Moog.

(Godchaux files.)

3064 *Government Exhibit 418–B*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 9, 1930.

To Members of the Sugar Institute:

GENTLEMEN: We have been advised by one of our members that one of their customers, the Brown Cracker & Candy Company, Dallas, Texas, recently purchased some sugar from them on a 30-day contract, but stated at the time that unless they could obtain contracts in the future spread over a period of 90 days, they would be forced to give their business to other refineries, as they could secure this sort of a contract from some beet as well as cane refiners.

During this last move persistent rumors have come to the Institute of 60- and 90-day contracts being offered in certain parts of the country, which rumors have all been most emphatically denied. However, as the rumors seem to persist, we would be grateful if you would look into this specific instance and advise us, if possible, what the facts are.

We have no doubts whatever that any of our members would confirm business for more than 30 days, and it is probable that the Brown Cracker & Candy Company are making an effort to play one refiner against another with a view of getting some special service, although there is a possibility that a broker has inadvertently done something to start this rumor, and this is what we would like to have checked.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER,
Office Manager.

(Henderson files.)

3065 *Government Exhibit 418–C*

[Copy]

MAY 18, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York City.

GENTLEMEN: The undersigned, manufacturers of Candy, Chocolate, Biscuit, and other products, a trade which supplies a very large percentage of the business of the Sugar Refiners, while expressing their hearty approval of the "Code of Ethics" for the distribution of Refined Sugar, formulated by the Sugar Institute and adopted by

the Refiners, find, in the practical operation of one of its articles, viz, the cast-iron-clad 30-day contract for all branches of the Trade regardless of their very different needs, that a serious handicap has been put upon their equitably and successfully carrying on their part of the business.

Unlike the retailers, jobbers, and general distributors of Refined Sugar in bulk, who sell day by day for cash or in the case of the large distributors for comparatively short periods of credit, manufacturers are compelled by competition and long-standing trade practice, to make a fixed price on their manufactured products and contract at this price for delivery as far as six months ahead.

The retailer, large chain-store distributors, and, to some extent, the jobber are able to change their prices promptly or certainly at short notice in case market changes make this advisable, but the manufacturer is tied hand and foot by his original price. This condition compels him to buy ahead largely in excess of his 30-day output and requirements, and to take, pay for, and store at the end of 30 days all this excess sugar which he *must* own for his own protection.

Outside of the expense of carrying charges on this excess, and in many cases the rehauling from storage warehouses, other serious problems face the manufacturing buyer when compelled to thus heavily commit himself at critical and uncertain stages of the Raw Sugar Market, which for some time has become difficult, to say the l'ast, to figure out much in advance or for any length of time.

With his storage capacity possibly exhausted and outside storage already undertaken to the limit of comfortable or economical handling, he may still be forced by subsequent market changes to make purchase on purchase for his own protection, or he must "pass up" such opportunities to his great mental disturbance and possible financial disadvantage.

3066 As to price changes, he sometimes has a possible means of protection through hedging in Futures on the Sugar Exchange as must be, and is, done by Raw Sugar Producers and Dealers and by some, if not all Refiners, and can be easily done by the Refiners to cover any sales made ahead to manufacturers in the regular course of the Refiners' business. Manufacturers, however, do not like to have their minds occupied by keeping track of the tape and many are old-fashioned enough to think that this is a special line of business which they should not have to engage in. It is, as a matter of fact, a very complicated problem for the manufacturer and one which might easily result in his being whipsawed.

Previous to the War, those in control of the Refined Sugar Trade recognized these problems of the manufacturers and granted them a special 60-day contract which, while not fully covering the situation, was recognized as fair and was a material help. This ran successfully and with no objection from anyone for a number of years. With the outbreak of the War, however, all contracts were with-

drawn, and since then matters have been in more or less chaos, as the Sugar Institute has realized.

In line with equitable readjustment we, therefore, now respectfully ask why, if this 60-day manufacturers' contract was fair at that time, it would not be a proper one to grant to manufacturers now when, with the added development of a new kind of competition, their problems are infinitely greater than ever.

We respectfully petition the Sugar Institute to consider all these facts favorably and to grant the plea of the manufacturers for at least the above relief. It would, of course, be understood that sugar bought on such a contract would be intended for use by the manufacturers in their own products and not resold in competition with the distributors.

Very truly yours,

(s) Wm. Schrafft & Sons Corp.
(s) New England Confectionery Company.
(s) Loose Wiles Biscuit Company.
(s) National Biscuit Company.
(s) Henry Heide, Inc.
(s) Ward Baking Co.
(s) Peter Cailler Kohler Swiss Chocolates Co.
(s) Rockwood & Co.

3067 *Government Exhibit 418–D*

[Copy]

The Sugar Institute, Inc.,
129 Front Street, New York, May 21, 1928.

Mr. S. P. Goble,
Vice President Rockwood & Company,
Washington, Park & Waverly Aves., Brooklyn, N. Y.

Dear Sir: I have your letter of May 18th, enclosing the petition of certain manufacturers relative to contracts in excess of 30 days.

This matter is one which has had very serious consideration among the members of the Institute. We recognize the convenience to manufacturers of having a predetermined price for the materials which go into their product. If any practical and legal way can be found to confine long-term contracts to this class of buyers, I am sure that the Sugar Institute will do its best to meet their wishes.

When this matter was first discussed and *decided*, I had occasion to explain the situation and the decision to certain refiners, particularly those on the Pacific Coast who were not represented at the meeting. I enclose a copy of the letter I then sent, which will show you not only that the matter received earnest consideration but that the difficulties appeared insurmountable.

I believe the crucial question, as above intimated, is that of confining sales to manufacturers. Upon contracts for future delivery

of refined sugar, someone must take the risk of the market, but, as stated in your letter, the refiner is in a better position to protect himself by operations on the Exchange than the manufacturer. If it were possible to sell upon long terms only to those doing the kind of business represented by the signers of your petition, I am sure that the refiners would be willing to assume the resulting inconvenience to themselves, but if the same terms must be open to everybody who chose to buy or to speculate in refined sugar, the refiners are unwilling to assume the burden.

As at present advised, we do not think it practicable or even legal to confine offerings of this kind to one class of customers.
3068 This applies particularly to the suggestion in your last paragraph that sugar bought on such a contract would not be resold in competition with the distributors. If we were convinced that such a clause could be legally inserted in the contract and enforced, it would put an entirely different complexion on the situation. If, however, we must run the risk not only of resales by manufacturers but of being forced to sell to anyone who might wish to buy upon the same terms, I think you will agree that the decision arrived at is the only one possible.

The matter resolves itself, therefore, into the question of the legality of a contract open to only one class of buyers with a provision against resale. If you have any further views in this connection, we shall be very glad to receive and consider them.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

3069 *Government Exhibit 419*

[Telegram]

WESTERN SUGAR REFINERY,
San Francisco, Calif., Jan. 24, 1928.

MEINRATH BROKERAGE CO.,
Otis Bldg., Chicago, Ill.:

Essential in connection with business taken from now on and in connection also with all unfilled contracts now on books that specifications should be filed so that we can ship from refinery not later than thirty days after dates of such contracts, otherwise it shall be obligatory on you to see that delivery is actually made from spot or transit stocks within a maximum of forty-two days Stop. Can brook no exception to this rule and shall therefore expect you wire in specifications from Chicago Powdered Childs Montgomery Ward Lennon Larkin not later than today in completion contracts December twenty-third.

WESTERN SUGAR REFINERY.

(Western files.)

3070 *Government Exhibit 419–A*

[Telegram]

CHICAGO, ILL., *Jan. 27, 1928—3:28 p. m.*

WESTERN SUGAR REFINERY,
2 Pine St., San Francisco, Calif.:

Against allotment (Jan. 10th) trumpeting we have sold firm fording 800 case advance detract expecting (18,200) Stop. In discussing case advance business with Mr. Tennison, of Seavey and Flarsheim, Chicago, he informs us that they have discontinued booking business in this way because of its being in violation of the Code of Ethics of the Sugar Institute Stop. Will you kindly let us have your instructions in this respect Stop. Kindly confirm above Stop. Unglazing (if possible) to increase our allotment at this time, please do so.

MEINRATH BROK. CO.

(Western files.)

3071 *Government Exhibit 419–B*

WESTERN SUGAR REFINERY,
2 Pine Street, San Francisco, Calif., Jan. 27, 1928.

MEINRATH BROKERAGE CO.,
Otis Bldg., Chicago, Ill.:

In this instance will ship carload to Joliet for Chicago Powdered as per your telegram today, but desire impress upon your mind that from this on and unless you hear further from us you will have to adhere literally to directions contained in our telegram twenty-fourth Stop. Will wire later on other matters touched upon in this and your separate telegram today Stop. Understand car for Joliet to consist of extra fine in hundred-pound bags only; if incorrect, wire immediately.

WESTERN SUGAR REFINERY.

(Western files.)

We confirm telegram as above.

3072 *Government Exhibit 419–D*

[Day letter—Western Union]

FEBRUARY 29, 1928.

GEO. E. KEISER,
288 East Water St., Milwaukee, Wisc.:

We were pleased to see shipping instructions twenty-seventh but wish again caution you that shipment of every contract must positively be completed within thirty days from time of entry. This will be enforced by all refiners in accordance with Code of Ethics.

COLONIAL SUGARS COMPANY.

(Colonial files.)

3073 *Government Exhibit 419–E*

[Western Union]

SAVANNAH, GA., *March 1, 1928.*

Judge SIDNEY BALLOU,
Executive Secretary the Sugar Institute, Inc.,
129 Front St., New York, N. Y.:

While we could have taken business based on five cents carrying charge, after talking with you last Friday I wired our sales manager and none was taken, *in fact we have taken nothing but thirty-day business since formation of Institute* understand, however, Hershey is soliciting business on the five cents carrying charge. We feel certain he has made one sale this basis five thousand bags equal quantities for five months. *We could have gotten this business had we not conformed to the Institute rulings.*

PARDONNER.

(Savannah files.)

3074 *Government Exhibit 419–F*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 2nd, 1928.

To All Members of the Sugar Institute, Inc.:

GENTLEMEN: I am desirous of taking up the matter of the proper enforcement of the withdrawal of sugars within the thirty-day period allowed by the usual contract. As a basis for action I should like full information on the subject.

1. Will you kindly inform me, giving names and dates, of the contracts you have outstanding as of March 1st, 1928, in which the thirty-day period has expired and the buyer has not withdrawn his sugar as provided in the contract.

2. Will you kindly continue to send this information as a matter of current routine immediately after the expiration of any contract that has not been fulfilled according to its terms.

3. Will you kindly inform me whether since January 9, 1928, you have consented to the cancellation of the obligation to withdraw and pay for any portion of the sugar specified in any contract.

Very truly yours,

(Signed) SIDNEY BALLOU,
Executive Secretary.

(Revere files.)

3075 *Government Exhibit 419–G*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 7th, 1928.

To All Members of the Sugar Institute, Inc.

Contract Enforcement

GENTLEMEN: At a meeting of the Executive Committee the Executive Secretary was instructed to call the attention of members to the fact that failure to enforce the 30-day delivery provision of time contracts was discriminatory, and as such condemned by the Code of Ethics, and therefore all members were urged to enforce all outstanding contracts, including those taken prior to the formation of the Institute.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Colonial files.)

3076 *Government Exhibit 419–H*

MARCH 8, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.
(Attention Mr. Sidney Ballou, Executive Secretary.)

GENTLEMEN: Replying to paragraph one in your letter of March 2nd, we enclose herewith a list showing contract balances on which the thirty-day period has expired.

We are making arrangements with our customers to make withdrawals against the contracts as shown on the attached list. At the same time we are being careful that in doing so they do not allow contracts to remain unfilled for over thirty days *that have been made since the Institute was formed.*

In the future we will notify you immediately after the expiration of any contract that has not been fulfilled according to its terms. Since January 9th, 1928, we have not consented to the cancellation of the obligation to withdraw and pay for any portion of the sugar specified in any contract.

Yours very truly,

REVERE SUGAR REFINERY.

C. C./H. E. Worcester, Vice Pres.
(Revere files.)

3077 *Government Exhibit 419–I*

Exhibit 419–I (filed with the Clerk of the Supreme Court in lieu of printing) is the list of Revere, referred to in Exhibit 419–H, showing contract balances on which the thirty-day period had expired.

3078 *Government Exhibit 419–J*

MARCH 30, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.
(Atten. Mr. Sidney Ballou, Executive Sec'y.)

GENTLEMEN: Attached please find list showing balances due on contracts booked February 24th and 25th at 5.60 basis that were not completed within the thirty-day period.

Edgar P. Lewis & Sons, Inc., will be shipped March 31st.

Clicquot Club Co. were closed down but have started up and will close this contract out shortly.

Recess Co. contract was shipped on March 29th.

The five contracts due in the Florida territory were not completed, as the broker advises that other refiners were not insisting on the thirty days and he was unable to complete these contracts. We have advised him that the contracts must be completed within the thirty-day period and requested that he supply us with the names of the refiners that are not holding their customers strictly to the contract time. As soon as we receive this information we will forward it to you.

Yours very truly,

REVERE SUGAR REFINERY.

C. C./H. E. Worcester, Vice Pres.
(Revere files.)

3079 *Government Exhibit 419–K*

Exhibit 419–K (filed with the Clerk of the Supreme Court in lieu of printing) is the list of Revere, referred to in Exhibit 419–J, showing balances due on contracts booked February 24th and 25th, 1928.

3080 *Government Exhibit 419–L*

APRIL 6, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.
(Atten. Mr. Sidney Ballou, Executive Sec'y.)

GENTLEMEN: With the exception of a few orders on which we received shipping instructions on Saturday, March 31st, and shipped on Monday, April 2nd, we wish to report the following balances on contracts booked at 5.65 basis that were not completed within the thirty-day period. [List omitted in printing.]

Yours very truly,

REVERE SUGAR REFINERY.

C.C./H. E. Worcester, Vice Pres.
(Revere files.)

3081 *Government Exhibit 419–M*

MARCH 8, 1928.

Mr. B. H. SHRINER,
565 Madison Ave., York, Penna.

DEAR SIR: Below we give you list of your 5.60 contracts as of March 6th. The figures given show the original amount of the contract and what progress has been made.

[List omitted in printing.]

These were sold on a thirty-day basis and must be delivered within that time. If they are for direct shipment, withdrawals must be in this office so that they may be shipped before the thirtieth day.

Be sure that you get this right. CONTRACTS MUST BE DELIVERED WITHIN THE PERIOD FOR WHICH THEY WERE SOLD. You will save yourself and us considerable trouble if you will see that this is done, as, otherwise, it will be necessary for us to deliver the sugar from consignment or resell it for the buyer's account and risk. As you can see, this will cause considerable friction. The best and easiest way is for you to get the withdrawals.

Yours very truly,

PENNSYLVANIA SUGAR CO.

(Pennsylvania files.)

3082 *Government Exhibit 419–N*

Exhibit 419–N (filed with the Clerk of the Supreme Court in lieu of printing) is a list of brokers to whom Exhibit 419–M was addressed.

3083 *Government Exhibit 419–O*

THE AMERICAN SUGAR REFINING COMPANY,
Key Highway East, Baltimore, Maryland, March 22, 1928.

Mr. C. H. WHITE, Jr.,
117 Wall Street, New York City.

DEAR MR. WHITE: The Caplan Grocery Company, Pittsburgh, have forwarded specifications completing their contract of February 24, shipments to be made on March 26, March 29, April 5, and April 12.

The Eagle Grocery Company, of Pittsburgh, have submitted specifications closing their contract of February 29, shipments to be made on April 3, April 7, and April 10.

We realize this is not in accord with the recent rulings of our company, but inasmuch as you are familiar with this territory and acquainted with these good customers we shall appreciate your recommendations.

Very truly yours,

J. A. MONET, *Sales Manager.*

(American files.)

3084 *Government Exhibit 419–P*

MARCH 23, 1928.

Mr. J. A. MONET,
Baltimore, Maryland.

DEAR MR. MONET: In reply to your letter of March 22nd with reference to specifications furnished you by The Caplan Grocery Company and The Eagle Grocery Company, both of Pittsburgh, these sugars were sold for delivery within thirty days and shipments must be made accordingly.

Under the Code of Ethics we are not permitted to allow discriminations and by allowing these customers to run considerably over thirty days and insisting on others taking their sugars we would be open to criticism, which we cannot afford.

Yours very truly,

General Sales Manager.

CHW.JR/EJ.
(American files.)

3085 *Government Exhibit 419–Q*

[Telegram]

NEW YORK, N. Y., *April 17, 1928, 7:27 P. M.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

In view of correspondence received, I feel obliged to notify you that the matter of proper freight application in Alabama, Kentucky, Tennessee involving conflicting claims of Savannah and New Orleans is the most serious question which has confronted the Institute. I therefore urge you to attend the special meeting called for Thursday, April twenty-sixth, whether your refinery is directly interested in this question or not.

SIDNEY BALLOU.

(Revere files.)

3086 *Government Exhibit 419–R*

[Telegram]

NEW YORK, *Apl. 30, 1928.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

As American and National find it inadvisable under present conditions to announce carrying charges on sugars not withdrawn in accordance with thirty-day contracts, I recommend that effective date be postponed temporarily.

SIDNEY BALLOU.

(Revere files.)

3087 *Government Exhibit 419–S*

APRIL 20, 1928.

BEND SOUTHALL SLEEPACK CO.,
100 No. 7th Street, Minneapolis, Minn.

GENTLEMEN: Replying to your letter of April 16th addressed to our Mr. E. T. Rabjohn, and being in connection with invoice M–538 issued Nash Finch Company contract M–133.

You ask in the last paragraph of that letter as to whether we have any objection to the procedure which you followed of rendering a pro forma invoice for the balance due on contract, with the understanding that as reports are received from the various branches you will make new billings, applying same against the pro forma bill. You must admit that this is nothing more or less than an evasion of the 30th day delivery terms. Contracts are entered with the distinct understanding that shipment from coast, or delivery from consigned stock, will be made on the 30th day of contract.

To render a pro forma invoice in no way completes the transaction, as the sugar has not been delivered nor has the final invoicing been made. We, therefore, distinctly disapprove of this procedure and ask that you complete the transaction immediately, and in the future cooperate by avoiding a similar situation. You are familiar with the Ethics of the Sugar Bureau, and we have no desire or intention to circumvent, in any way, its rulings. Our adherence can only be complete with fullest cooperation from our representatives.

Yours very truly,

WESTERN SUGAR REFINERY,

Asst. Sales Manager.

MRO/W.
(Western files.)

3088 *Government Exhibit 419–T*

APR. 23, 1928.

Mr. B. H. SHRINER,
565 Madison Ave., York, Pa.

DEAR SIR: Following is a list of your 5.85 contracts [omitted in printing] which expire May 3rd.

According to the recent interpretation by the Institute, contracts must be withdrawn from consignment within the thirty-day period or orders must be in this office so that shipment can be made within that time. Please bear this in mind.

Yours very truly,

PENNSYLVANIA SUGAR CO.,
Sales Manager.

(Pennsylvania files.)

3089 *Government Exhibit 419–U*

Pennsylvania Sugar Co. wrote April 23, 1928, to following:
B. H. Shriner, York, Pa.
Fred A. Slade, Buffalo, N. Y.
Walton-Cooper Co., Pittsburgh, Pa.

3090 *Government Exhibit 419–V*

MARCH 20, 1928.

Messrs. GEO. E. KEISER & Co.,
Chicago, Ill.

GENTLEMEN: In connection with contract enforcement, as you know, the Institute has condemned as discriminatory the failure to enforce the 30-day contract terms. We are, therefore, calling your attention to the contracts due on March 24th and March 29th.

You must necessarily take up with all buyers and explain to them the absolute necessity of giving us specifications prior to the expiration date.

Any contracts running over the 30-day period must be reported to the Institute and Mr. Keiser feels that there is no excuse we can offer the Institute that would justify the noncompliance with the 30-day rule.

Please make an active campaign in this connection and see that the withdrawals are forwarded to New Orleans promptly.

Very truly yours,

COLONIAL SUGARS COMPANY,
J. F. HARAHAN.

(Colonial files.)

3091 *Government Exhibit 419–W*

APRIL 29, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City, N. Y.

GENTLEMEN: The following is a copy of the notice we posted in re the recommendations of the enforcement committee:

"Institute recommends to members that they require specifications on their outstanding contracts as follows:

"'On all March 7th contracts specifications must be furnished not later than May 6th.

"'On all April 4th contracts specifications must be furnished on or before May 20th.'

"It will be our policy to follow strictly recommendations of the Institute in this matter. Please advise your buyers accordingly."

Very truly yours,

PENNSYLVANIA SUGAR COMPANY.

(Pennsylvania files.)

3092 *Government Exhibit 419–X*

[Telegram]

NEW YORK, *April 30, 1928.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

As American and National find it inadvisable under present conditions to announce carrying charges on sugars not withdrawn in accordance with thirty-day contracts, I recommend that effective date be postponed temporarily.

SIDNEY BALLOU.

(Revere files.)

3093 *Government Exhibit 419–Y*

MAY 3, 1928.

J. W. MAYO & COMPANY,
Ashland, Kentucky.

GENTLEMEN: Acknowledging your letter of May 1st, we return herewith the letter you received from Dixon, Moore & Co., and regret exceedingly that *this and hundreds of other similar requests are necessarily declined for the reason that we have subscribed to all of the recommendations of The Sugar Institute, Inc., which includes the obligation to observe the thirty-day clause.*

Very truly yours,

ARBUCKLE BROTHERS.

(Arbuckle files.)

3094 *Government Exhibit 419–Z*

[Telegram]

MAY 4, 1928.

McCLELLAND KENNARD COMPANY,
Barnesville, Ohio:

As you no doubt know, as members of Sugar Institute, we have pledged ourselves to observe Institute recommendations which includes completing thirtieth-day contracts within the period stop. We have called upon Pike several times for withdrawal for prompt shipment your purchase eight hundred bags April third. Please telegraph assortment.

ARBUCKLE BROTHERS.

(Arbuckle files.)

3094½ *Government Exhibit 419–A1*

[Telegram]

MAY 5, 1928.

SHAEFFER BLACK COMPANY,
Wooster, Ohio:

We are members Sugar Institute pledged observe their recommendations which don't permit refiners store for customers beyond

thirty days. Every contract on our books completed but yours pledged ship bags fine completing in absence assortment from buyer stop. Will reship for your account if you care resell. Please telegraph instructions.

(Arbuckle files.)

ARBUCKLE BROTHERS.

3095 *Government Exhibit 419–B1*

[Copy]

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Georgia, May 16, 1928.

LENTZ BROTHERS,
Hendersonville, N. C.

GENTLEMEN: Under recent rulings of the Sugar Institute, we are required to insist on delivery of all contracts within the contract period.

You now have 75 bags on contract at $5.75 basis, the delivery period of which expired April 15 and 350 bags at $5.85 basis, the delivery period of which expired May 4.

We are taking the liberty of billing a sufficient quantity from your consigned stock, to close out this past due contract.

We regret that this action on our part is necessary, but we feel sure that we may expect your cooperation in conforming to the Institute rule.

Yours very truly,

SAVANNAH SUGAR REFINING CORPORATION,
E. P. A., *Assistant Sales Manager.*

(Savannah files.)

3096 *Government Exhibit 419–C1*

REVERE SUGAR REFINERY,
13 Broad Street, Boston, Mass., July 2, 1929.

To the Trade.

GENTLEMEN: We enclose herewith a copy of the recommendations of The Sugar Institute on the subject of Contract Enforcement, as unanimously passed by the Board of Directors on June 27, 1929.

These recommendations have been adopted by this Company and will be strictly adhered to and enforced on all contracts entered into subsequent to the above date.

We are confident that the trade will welcome the abolition of the opportunities for discrimination afforded by any laxity in the enforcement of withdrawals according to the terms of sales contract, and we expect the whole-hearted cooperation of our trade in helping us to conform to the strict letter of these recommendations.

Very truly yours,

REVERE SUGAR REFINERY.

(Revere files.)

3097 *Government Exhibit 419–D1*

SEPTEMBER 1, 1928.

Messrs. GEO. E. KEISER & Co.,
326 West Madison Street, Chicago, Ill.

GENTLEMEN: Referring to contracts entered August 2d and which will be due September 3d, we wish to again call to your attention that any contracts not closed by that time must be reported to the Sugar Institute.

This we are reluctant to do, and ask that you kindly exert every effort to have buyers close their contracts within the time limit.

Very truly yours,

COLONIAL SUGARS COMPANY,
C. B. NEWMAN.

(Colonial files.)

3098 *Government Exhibit 419–E1*

[Telegram]

SEPTEMBER 10, 1928.

GEO. E. KEISER & Co.,
326 West Madison Street, Chicago, Ill.:
GEO. E. KEISER,
288 East Water Street, Milwaukee, Wisconsin:

Forty-two days withdrawal time on contracts entered August second will be up Friday, September fourteenth Stop. Please have all invoices in our hands on or before then so as avoid necessity reporting delinquent names to *Sugar Institute.*

COLONIAL SUGARS COMPANY.

(Colonial files.)

3099 *Government Exhibit 419–F1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, December 13, 1928.

To all Members of the Sugar Institute.

Subject: Explanation of Sample of Report No. 1.

GENTLEMEN: The purpose of this blank is to show the manner in which we should like to have these reports made out weekly, in order to secure uniformity in our records. At present, owing to variations due to guaranteed contracts and other items referred to below, it is impossible to make deliveries on a given price basis check with the bookings on that basis. The actual figures as shown on this blank are chosen arbitrarily merely for the purpose of explanation.

Under Time Contracts, the first item, showing 1,000 bags sold on the 5.15 basis with a withdrawal date of January 12th, is to indicate a sale on a seven-day guarantee basis. The letters "P G" after the basis price stand for "price guaranteed." This same notation would apply on any guaranteed contract, regardless of the time of

withdrawal. The second item under Time Contracts is an ordinary thirty-day contract on a 5.10 basis. The third item of 300 bags at 5.05 followed by "D" indicates a sale of damaged sugar with a concession of 5¢ from the basis price of 5.10. The fourth item of 200 bags with a basis price of 5.05 followed by "C" indicates sugar sold at a concession, such as closing out of consignment stocks at some point where consignments are no longer to be carried or any other similar contingency. The last two items mentioned when entered on this contract should not be construed to mean that the regular explanation which you send us on sales of sugar at any price under the basis price should not be sent as usual.

Under the Spot Sales, the first item is a regular spot sale of 15,000 bags at the 5.10 basis. The second item is similar to the third item under Time Contracts, except that it is a Spot Sale instead of a Time Contract. In this connection, we realize it would be most unusual to sell sugar at any concession on a time basis, but the items three and four under Time Contracts are included to cover any possible contingency.

Under Direct Shipments the first item of 235,000 bags indicates a delivery against a guaranteed contract on the 5.20 basis which, however, was delivered and billed on a 5.15 basis due to a drop in price subsequent to the time of the inception of the contract.
3100 The second item is a regular delivery against a thirty-day contract on the 5.15 basis. The third and fourth items are deliveries against sales similar to the second and third items under Time Contracts.

Under Spot Deliveries, the first item is a regular delivery against a Spot Sale, and the second, a delivery of damaged sugar corresponding to the sale of damaged sugar shown under Spot Sales. It should be noted that both Sales and Spot Deliveries should be governed by the date of invoice, and, therefore, in any weekly report the total Spot Deliveries reported should correspond exactly to the total Spot Sales. The item Total Deliveries from Refinery added to the Total Deliveries from Consignment should correspond exactly to the sum of the totals of the Direct Shipments and the Spot Deliveries.

There apparently has been some misunderstanding as to what constitutes a Spot Delivery. A Spot Delivery is a delivery, from either refinery or consignment, against a sale calling for immediate withdrawal, whether there is an actual contract or not. We believe that some refiners have been reporting all deliveries from consignment as Spot Deliveries. Such a report confuses our records, and we would prefer to have deliveries from consignment when made against a Time Contract, reported under Direct Shipments and have only actual Spot Deliveries reported as such.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
(Sgd.) FRANCIS R. VANBUREN.

(Revere files.)

3101 *Government Exhibit 419–G1*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, December 14, 1928.

Mr. H. C. WORCESTER,
15 Broad Street, Boston, Mass.

DEAR MR. WORCESTER: With reference to your weekly reports of sales and deliveries on Report Blank No. 1, under Time Contracts and Direct Shipments, we have found that there are certain discrepancies between the sales and the deliveries an explanation of which we would appreciate.

On the 6.30 basis on May 26th you reported a sale of 3,532 bags, but since that time have reported no deliveries against that sale.

On the 6.00, 5.85, and 5.55 bases there appear to be undelivered balances of 9,352, 197, and 22,641 bags, respectively.

On the 6.10, 5.80, 5.65, 5.60, 5.50, 5.45, 5.40, and 5.25 bases the deliveries exceed the sales by 14,918, 125,628, 165, 168, 5,905, 14,312, 1,682, and 60 bags respectively.

On the 6.25, 6.15, 6.05, and 5.90 bases you reported deliveries of 101, 88, 263, and 5,336 bags, respectively, but have reported no sales at any of these prices.

Considering all these discrepancies, we realize that there will be considerable difficulty in getting a detailed explanation for each one, but we would like, if possible, by the end of the year to know on what contract prices you still have undelivered balances and how much, and also at which prices you have balanced the deliveries against your sales.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRANCIS R. VANBUREN.

(Revere files.)

3102 *Government Exhibit 419 H1*

FEBRUARY 1, 1929.

Mr. W. W. FRAZIER, Jr.,
Philadelphia, Pa.
Mr. J. A. MONET,
Baltimore, Md.
Mr. J. W. MOONEY,
New York, N. Y.
Mr. M. B. MURPHY,
New Orleans, La.
Mr. W. V. V. WARREN,
Boston, Mass.

(Personal.)

DEAR SIR: At the beginning of this year there was a great deal of discussion among the members of The Sugar Institute, Inc., with

reference to the enforcement of thirty-day contracts, resulting in all of the members committing themselves to The Institute to rigidly enforce the thirty-day delivery clause in their contracts.

Now that we are committed to this, we must insist upon the completion of delivery of all contracts within the contract period. May we ask, therefore, that you communicate with your representatives in this matter and have it definitely understood that no excuses can be considered in the future? We cannot make any exceptions, since in doing so we violate the Code of Ethics, which is based upon no discriminations in the trade in practices of any kind. This is one of the most important factors in our work this year and calls for your personal attention.

The matter of completion of thirty-day contracts is one of the outstanding points in the Sales Managers' contest for 1929.

We have been requested to furnish Mr. Foster with a list of delinquents in each Sales Manager's territory on the second day after the expiration of the contract period. Since our Company has gone on record with The Institute, it would be most embarrassing if it became necessary for us to make a report showing that any of our Sales Offices had failed to live up to these instructions.

Please give this most important matter your usual prompt attention.

With best wishes.

Sincerely yours,

General Sales Manager.

CHW.JR:AB.
(American files.)

3103 *Government Exhibit 419–I1*

FEBRUARY 4, 1929.

Mr. D. E. TAYLOR,
917 Water Street, Norfolk, Va.

DEAR SIR: It is quite apparent that you either do not understand what constitutes proper adherence to the Code of Ethics or you are deliberately acting contrary to our instructions.

In order that there may be no misunderstanding regarding what is and is not proper, we are outlining briefly the things that are permissible and will touch upon some of the practices which will not be countenanced.

1. All sugar must be sold at our openly announced price and bona fide orders must be entered not later than the night before the advance becomes effective. This means that when you wire us you have sold a certain number of bags you must be in a position to produce immediately the names of the buyers and the amounts of sugar purchased by them. Under no condition are you to enter orders without the knowledge and consent of the buyer, trusting that the buyer later will confirm your action.

2. Sugar may be consigned to a jobber, but such consignments must be in amounts constituting a minimum car which in your territory is recognized as 40,000#. There must be a definite understanding to the effect that this sugar will be withdrawn within a period of thirty days, and at the end of each week the portion withdrawn will be not less than the proportion which that period of time bears to the month. In other words, the amount withdrawn at the end of the first week must not be less than 100 bags; the second week, 200 bags; the third week, 300 bags; and at the close of the fourth week the balance of the car.

3104 3. Under no condition are you to rebate the buyer for any sugars stored with him, and by rebate we mean allowances for storage, handling, cartage, etc.

4. You may, if you so desire, lease space for storage of sugar, but you must not lease any such space from any individual or concern who is a purchaser of sugar. It makes no difference whether such space forms part of the warehouse used by the buyer for his business, or is part of any building owned or controlled by the buyer.

5. The delivery of sugar is completed when it is placed on the platform of the warehouse in which it is stored. Under no conditions are you to arrange for or assume the costs of delivering the sugar from the warehouse to the destination selected by the buyer.

6. Sugars stored on consignment with jobbers is for delivery to the party with whom it is stored and under no condition are you to release or authorize delivery of any of this sugar to any other parties.

7. No party can act in a dual capacity of broker and buyer, and you are not to sell sugar to any one who is not acting strictly as a buyer. Brokerage or storage is to be paid only to such agents who are strictly acting as brokers and warehousemen, and under no circumstances is any of this storage or brokerage to be diverted to a buyer of sugar.

From our standpoint, the situation in North Carolina is a very serious one, and failure on your part to comply with our instructions will necessitate our taking action which will not be without unpleasant consequences for both of us.

If you find agents or other Refiners are not adhering to the Code and are making arrangements or have arrangements condemned by us, we will ask that you let us have the facts and we will take what action is necessary to have stopped such practice as prove to be irregular.

Please acknowledge receipt of this letter.

Yours very truly,

PENNSYLVANIA SUGAR COMPANY.

Office Manager.

MWL:F
(Pennsylvania files.)

3105 *Government Exhibit 419–J1*

EWING BROTHERS,
STEUBENVILLE BANK AND TRUST BUILDING,
Steubenville, Ohio, March 29, 1929.

ARBUCKLE BROTHERS,
Sugar Department, New York City.
(Attention Mr. J. P. Cody.)

GENTLEMEN: Yesterday the writer called on the State Grocery Company, Moundsville, W. Va., and Mr. Mayfield stated he had purchased three cars of Arbuckles sugar through a New York broker, and at the time of making the purchase he only wanted to enter two cars and advised this broker that was all he would be able to take out in the thirty-day limit. The broker stated he better make it three cars, and he could arrange to make it fifty days before Mr. Mayfield would have to give the assortment.

This has aroused our curiosity just a little, as we know this cannot be arranged with Arbuckle Brothers, and we are wondering how this broker expects to do this. We would appreciate hearing from you relative to the above.

Yours respectfully,

EWING BROTHERS,
Per GEORGE T. EWING.

(Arbuckle files.)

3106 *Government Exhibit 419–K1*

APRIL 1, 1929.

EWING BROTHERS,
Steubenville, Ohio.

GENTLEMEN: Acknowledging your letter of March 29th with reference to granting delays on thirty-day contracts and the statement that some broker advised one of your customers that he could delay withdrawal of our sugar beyond the thirtieth day, will say that a broker making such a statement does us a great injustice.

From the tenor of your letter, we judge that it is a New York City broker you refer to, and in this connection it is needless to say that were we granting concessions it is natural that we would extend our greatest favors to direct brokers like yourselves who limit their efforts entirely to our brands.

In making this very definite statement regarding withdrawals, please understand that it is not our attitude to deprive the trade of any favor we can justly extend to them—However, we have pledged our word of honor to observe the code of ethics of The Sugar Institute, Inc., which, among other things, provides for withdrawal of all contracts within the stated contract period. As you know, it is not our policy to deliberately violate our promises. All New York City brokers know this also. Therefore, a broker making such a statement to a buyer questions our integrity.

Yours very truly,

ARBUCKLE BROTHERS.

(Arbuckle files.)

3107 *Government Exhibits 419–L1 to 419–N1, inc.*

Exhibits 419–L1 and 419–M1 (filed with the Clerk of the Supreme Court in lieu of printing) are letters from Franklin and American to their brokers, dated July 1, 1929, identical with Exhibit 419–C1.

Exhibit 419–N1 (filed with the Clerk of the Supreme Court in lieu of printing) is a list of brokers to which Exhibits 419–M1 and 419–L1 were addressed.

3108 *Government Exhibit 419–O1*

W. W. OVERTON & COMPANY,
Dallas, Texas, July 5th, 1929.

Important!

To the Trade:

We enclose herewith a copy of the recommendations of The Sugar Institute on the subject of Contract Enforcement as unanimously passed by the Board of Directors on June 27th, 1929.

These recommendations have been adopted by the Imperial Sugar Company and will be strictly adhered to and enforced on all contracts entered into subsequent to the above date.

We are confident that the trade will welcome the abolition of the opportunities for discrimination afforded by any laxity in the enforcement of withdrawals according to the terms of sales contract, and we expect the wholehearted cooperation of our trade in helping us to conform to the strict letter of these recommendations.

Very truly yours,

W. W. OVERTON & COMPANY.

(McCahan files.)

3109 *Government Exhibit 419–P1*

The Resolution of the Board of Directors of July 9, 1929, set forth in Exhibit 419–P1 (filed with the Clerk of the Supreme Court in lieu of printing) and referred to in Exhibit 419–O1 is taken from the Minutes of the Directors' Meeting (Exhibits 21–26), page 266.

3110 *Government Exhibit 419–Q1*

F. M. LEWIS & COMPANY,
San Antonio, Texas, July 8, 1929.

Mr. W. T. ELDRIDGE, Sr.,
% Imperial Sugar Company, Sugarland, Texas.

DEAR MR. ELDRIDGE: I have your letter of the 6th calling our attention to recent resolution adopted by the Sugar Institute in connection with withdrawals of sugars in accordance with terms of sales contracts. We will have our customers understand thoroughly Im-

perial's attitude in this matter. You may rely upon us for our full cooperation.

With best wishes and kindest regards, we are,

Yours truly,

F. M. LEWIS & COMPANY,
FRANK LEWIS.

(Imperial files.)

3111 *Government Exhibit 419–R1*

JULY 9, 1929.

Mr. W. W. FRAZIER, JR.,
Philadelphia, Pa.
Mr. J. A. MONET,
Baltimore, Md.
Mr. J. W. MOONEY,
New York, N. Y.
Mr. M. B. MURPHY,
New Orleans, La.
Mr. W. V. V. WARREN,
Boston, Mass.

DEAR SIR: We enclose herewith for your information copy of letter which we have directed to our customers, to which was attached copy of the resolution recently passed by The Sugar Institute, Inc., with respect to contract enforcement; also copy of letter to be directed to our brokers, to which was attached copy of the resolution regarding contract enforcement.

We wish to impress upon you the importance of this resolution, and we want you to know that we mean to enforce the provisions of the thirty-day contract to the letter. Please see that your brokers are thoroughly acquainted with the fact that there is to be no latitude whatsoever and thirty-day contract means exactly what it says and there will be no exceptions made.

Will you kindly acknowledge receipt of this letter advising that this matter is thoroughly understood and that we will have your personal cooperation in enforcing these provisions.

Yours very truly,

General Sales Manager.

CHW.JR:AB.
(American files.)

3112 *Government Exhibit 419–S1*

[Copy]

SPRECKEL SUGAR CORPORATION,
82 Wall Street, New York, July 11, 1929.

Hon. SIDNEY BALLOU,
The Sugar Institute, Inc., 129 Front Street, New York.

DEAR SIR: Referring to your visit of July 9th, Lowry & Company are in receipt of the following telegram from Murphy & Murphy:

"Please assure Spreckels that we offered no sugars for September delivery on the last move either in our circulars, wires, or by telephone Stop. Kindly give this information to the proper authorities of the Sugar Institute and ask them to report our answer definitely to complainant."

While we are not directly interested in resales of sugar made by *Lowry & Company's* Chicago office for the account of the jobber, we reminded Lowry of his promise to the Institute when he elected to be a broker rather than a merchant and he has *promised* that in the future his branch office *will not use their billheads* in such a way as to indicate that they were merchants of sugar but in such instances will make notation that they are billing as an accommodation for the owner or as the latter's agent.

Very truly yours,

SPRECKELS SUGAR CORPORATION,
(Sgd.) EDGAR H. STONE, *Vice President.*

(American files.)

3113 *Government Exhibit 419–T1*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, July 12, 1929.

SCHNULL & COMPANY,
Indianapolis, Indiana.

DEAR SIRS: At the close of business last night, our records indicate the following quantities of sugars remaining unspecified under your contracts with us: 1040 Bags (or equivalent)—4.85 cent Basis.

[Handwritten notation:] 727—7/15.

Recently we forwarded to you copy of resolution of the Directors of the Sugar Institute, recommending strict enforcement of the withdrawal provisions in refiners' contracts.

We desire again to call to your attention that this recommendation has been adopted by this Company, and will be strictly adhered to and enforced by us.

Your cooperation in this direction is therefore earnestly solicited.

Yours very truly,

J. W. MOONEY,
New York Sales Division.

(American files.)

3114 *Government Exhibit 419–U1*

[Telegram]

NEW YORK, N. Y., *Aug. 7, 1929, 12:53 P. M.*

HENRY E. WORCESTER,
15 Broad St., Boston, Mass.

It was decided at the directors' meeting on August 2nd that each member should supply the enforcement committee with a report of

progress of deliveries on five-cent contracts as of close of business August seventh. Stop. Information should include amounts for which specifications have not been recd., also amounts undelivered to that date and *status of the accounts of all exceptionally large buyers and should be in our hands early Thursday morning.*

SUGAR INSTITUTE.

3115 *Government Exhibit 419–V1*

[Telegram]

NEW YORK, N. Y., *Aug. 8, 1929, 2:50 p. m.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

Enforcement committee recommended resolution to executive committee, which was passed this afternoon, and, as result, all New York refiners have posted following notice in reference to deliveries of five-cent contracts. Quote First, all contracts on which specifications have been furnished on or before close of business on August ninth will be shipped or delivered immediately to the limit of our capacity. Shipping or delivering all customers in proportion to the total amount of their undelivered five-cents sugar. Second, on all contracts on which specifications have not been furnished and where there is no question of customer's credit, shipments or deliveries will be made immediately and in preference to shipments on contracts on which specifications have been furnished. Third, on all contracts, both these on which specifications have been furnished and those on which specifications have not been furnished by close of business on August ninth, where there is a question of customer's credit, shipments or deliveries will be made immediately up to the limit of the customer's credit and a demand made not later than Monday, August twelfth, for cash to cover the balance of the contract which is beyond customer's credit limit. Cash funds must be in our hands not later than Tuesday, August thirteenth; and if such funds are not received at such time, customer is to be considered in breach of contract and will be so notified Unquote.

THE SUGAR INSTITUTE.

(Revere files.)

3116 *Government Exhibit 419–W1*

THE ROSE & JOHNSON CO.,
Youngstown, Ohio, Aug. 19, 1929.

ARBUCKLE BROTHERS,
New York, N. Y.

GENTLEMEN: Referring to our contract of July 23rd, we find it will not be convenient to specify the assortment for the full amount this week. If not contrary to the rule, we wish you would bill the

amount that is left, when the time is up, as 100# bags, but not ship till we send in the assortment.

We have been disappointed with the amount of sugar we have sold the past two weeks. One reason is the low price that has been made by one of the large chains, being advertised last week to the consumer at $1.35 for 25# bag.

Please let us know by return mail if contract can be handled the way we ask.

Yours truly,

THE ROSE & JOHNSON CO.
A. JOHNSON.

(Arbuckle files.)

3117 *Government Exhibit 419–X1*

AUGUST 21, 1929.

THE ROSE & JOHNSON COMPANY,
226–230 West Front Street, Youngstown, Ohio.

GENTLEMEN: We wish to acknowledge your letter of August 19th and exceedingly regret our inability to comply with your request to bill the balance due on your contract of July 23rd and withhold shipment.

Conditions reached the point where the members of the Institute realized that they had to observe conditions of sale or break down custom to an unbearable point. Confidentially when the policy of enforcement was recommended we at first declined to make it ours for we feared that it would not be enforced. However, after the plan of handling contracts was worked out in detail and all refiners pledged to accept the recommendation as their policy, we did likewise. We know of no instance where there has been a breaking down and we cannot consistently or conscientiously deviate from the policy.

It is possible that slight oversales might delay shipment of your order until Monday, but we are committed to close all orders in bags of Fine Granulated that are not specified by the buyer for shipment on or before August 24th.

Under the circumstances we hope that you will give us the assortment desired by Friday night; that is, if bags of Fine will not be convenient for you to handle.

Yours very truly,

ARBUCKLE BROTHERS.

(Arbuckle files.)

3118 *Government Exhibits 419–Y1, 419–Z1*

Exhibit 419–Y1 (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from the Institute to Pennsylvania, dated August 20, 1929, identical with Exhibit 417.

Exhibit 419–Z1 (filed with the Clerk of the Supreme Court in lieu of printing) is an announcement by Pennsylvania, dated August 21, 1929, identical with that proposed by the Institute in Exhibits 417 and 419–Y1.

3119 *Government Exhibit 419–A2*

K. D. PIERSON,
Milwaukee, Wisconsin, Aug. 23, 1929.

DEAR HERB: As you have probably noticed from your records, we receive a steady, not large, business from the Sunlite Dessert Company, of Waukesha, Wis. Although the business is not large, we receive 100 percent of their business and naturally want to do everything we can to satisfy them. At the present time this company is busy putting in new equipment in preparation of a new product which they intend to be turning out very shortly. There was some delay in their receiving the machinery, etc., with the result that it is a physical impossibility for them to take in the car of sugar which they have on contract with us at the $5.25 basis. They have asked as a special favor that we make some arrangements to delay shipment of the car in question, and as this is the first request of this nature that we have ever received from this company I believe that we ought to do something to help them out. It may not be strictly according to rules and regulations of the Sugar Institute, but there is no reason why anyone should know anything about it, and, even if they did, a case of this nature demands special attention. I know very well that when Mars Company in Chicago were switching their equipment from one factory to another that all refiners who are fortunate enough to sell them withheld shipments a couple of weeks beyond the regular time.

Without going into any unnecessary detail and making reports all along the line, can't you just sort of overlook this one car for the present, with the understanding that shortly after the expiration of the regular 42 days' period the delivery will be completed?

Yours very truly,

K. D. PIERSON.

(Pennsylvania files.)

3120 *Government Exhibit 419–B2*

AUGUST 29, 1929.

Mr. K. D. PIERSON,
86 E. Michigan St., Milwaukee, Wis.

DEAR SIR: We have your letter of August 23rd in regard to Sunlite Dessert Co., Waukesha, Wis. We would be very glad to accommodate these people, but *the ruling is very strict* in regard to contracts; therefore, there is nothing to say but that the sugar must be taken within the contract period.

Yours very truly,

PENNSYLVANIA SUGAR COMPANY.

(Pennsylvania files.)

3121 *Government Exhibit 419–C2*

[Copy]

SEPTEMBER 3, 1929.

KENNETH L. FOX & CO.,
326 W. Madison St., Chicago, Illinois.

GENTLEMEN: We have not received the car of sugar that we gave you shipping instructions on for Chetek and Bloomer on August 8th. As you know, we have another car of sugar which we are giving you shipping instructions on, and we don't like to have them both come at the same time. If it is possible to defer shipment of the last car to a later date, we would appreciate it very much.

We were somewhat disappointed at the service we received on the car of sugar, as we had to buy sugar from a local jobber and have now bought nearly a carload of it.

We trust you will avoid any other delay in the future.

Yours very truly,

FARMERS STORE COMPANY.

(McCahan files.)

3122 *Government Exhibit 419–D2*

KENNETH L. FOX & CO.,
326 W. Madison Street, Chicago, September 9, 1929.

W. J. MCCAHAN SUGAR REF. & MOL. CO.,
Philadelphia, Pennsylvania.

GENTLEMEN: With further reference to Farmers Store Co.'s contract No. 2028, dated 7/23/29, withdrawal order No. 5976, we have been requested by the Farmers Store Company to have this car shipped *on September 19th.* Will you please arrange to have this car come forward on that date? If for any reason car cannot be shipped at that time, please advise. In this connection we attach hereto copy of letter received from the Farmers Store Company regarding their last two shipments. We have explained the situation to this customer and are just giving you this information in order that you may realize how important it is that this car come forward as requested.

Yours very truly,

KENNETH L. FOX & CO.,
By J. O. YOUNG.

(McCahan files.)

3123 *Government Exhibit 419–E2*

SEPTEMBER 13, 1929.

MESSRS. KENNETH L. FOX & COMPANY,
Chicago, Ill.

DEAR SIRS: We regret very much to note from your letter of September 9th of the displeasure expressed by the Farmers Store Com-

pany regarding the delay in shipment of sugars to Bloomer and Chetek, under Orders No. 4952 and 4953, respectively, applied against Contract No. 1624, dated 7/9/29. We assure you that, had there been any other choice open to us, these cars would certainly have gone forward before August 24th and 26th.

We have noted the date on which it is desired that sugar be shipped to these gentlemen under Order No. 5976, against Contract No. 2028, dated July 23rd, and we certainly would like to comply with the buyer's request. However, unfortunately, the matter is beyond our control and we do not see how we could consistently delay shipment to September 19th. In the first place, you realize, of course, that all *5.25-cent sugars were to be ordered out by August 23rd* (except those to be delivered from consignment within the extra 12-day period). Secondly, as a result of *Institute recommendation all Refiners agreed to complete delivery and shipment of these sugars as soon as possible after the due date.* Practically all other Refiners have completed all such contracts long before now, but we, by reason of our de-
3124 layed shipping position, have found it physically impossible to get out any more cars than have been shipped. Now, our position has become improved and *we really are needing orders. Consequently we no longer have any excuse before the other Refiners to delay the completion* of our 5.25¢ contracts. It may be possible that we shall not be able to ship this car tomorrow, in which event it will undoubtedly go forward on Monday.

We sincerely trust that the customer will understand our position in the matter. You may feel very certain that we shall watch all future shipments with particular care in order that the Farmers Store Company may be perfectly satisfied with the service rendered.

Yours very truly,

NORMAN CROCK.

(McCahan files.)

3125 *Government Exhibit 419–F2*

SEPTEMBER 6, 1929.

MR. FRANK X. RAGAN,
Philadelphia, Pa.

DEAR SIRS: For your information we enclose copy of letter dated today which we have addressed to all those of our customers who have any sugars on our books unordered out against 4.75-cent or 4.85-cent contracts.

Yours very truly,

THE W. J. MCCAHAN SUGAR REF. & MOL. CO.,
W. O. STANTON, *Asst. Vice President.*

(McCahan files.)

3126 *Government Exhibit 419 G2*

SEPTEMBER 6, 1929.

DEAR SIRS: In view of the length of time Contract No. ——, entered in your favor on ———, at the ——— basis, showing a present

unordered out balance of ——— bags, has been on our books, we feel that we must ask you to please furnish us immediately with shipping instructions for shipment within 10 days, in completion thereof.

However, because there was no definite policy of contract enforcement in effect at the time of entry of the above contract, if you cannot take delivery of this sugar within 10 days, *at your place of business*, in order not to work any hardship upon you, we offer to purchase this sugar back from you at the 5.25-cent basis. It is to be definitely understood that second-hand deliveries will not be permitted in closing out this contract.

Will you please let us have your decision immediately as to the course you wish to take, in order that our plans may be made accordingly?

Yours very truly,

THE W. J. MCCAHAN SUGAR REF. & MOL. CO.,
W. O. STANTON, *Asst. Vice President.*

(McCahan files.)

3127 *Government Exhibit 419–H2*

[Telegram]

OCT. 10, 1929.

F. V. GUNN & Co.,
1422 E. Cary St., Richmond, Va.:

Referring your letter ninth under no circumstances promise or indicate to a customers that we will delay beyond contract period Stop. We will not violate ethics of Institute. Have written you in some detail that delays beyond contract period are violation Stop. We will delay long as possible consistent oversold position.

ARBUCKLE BROTHERS.

10:10 a. m.
(Arbuckle files.)

3128 *Government Exhibit 419–12*

[Copy of telegram]

THE SUGAR INSTITUTE, INC.,
New York, N. Y., October 15, 1929.

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
Philadelphia, Pa.:

Enforcement committee reports that attitude of trade distinctly less favorable to cooperating in enforcement of five-thirty contracts than on previous moves; this due largely to persistent rumors that sales departments would grant shipping delays to favored customers. In view of this committee urges particular pressure be put on prompt shipping Stop. Your figures show shipment of about fifty thousand bags since Thursday against eighty-three thousand then undelivered in nonguarantee territory.

AS.

(McCahan files.)

3129 *Government Exhibit 419–K2*

[Telegram]

NEW YORK, N. Y., *Oct. 15, 1929—3:58 P. M.*

HENDERSON SUGAR REFY.,
New Orleans, La.:

Enforcement committee reports that attitude of trade distinctly less favorable to cooperating in enforcement of five-thirty contracts than on previous moves; this due largely to persistent rumors that sales departments would grant shipping delays to favored customers. In view of this committee urges particular pressure be put on prompt shipping Stop. Your figures show shipment of about fifteen thousand bags since Thursday against twenty-three thousand then undelivered in nonguaranteed and Texas territory Stop. As regards large amounts unspecified in same territory please wire for Thursday mornings meeting particulars of what you have done in shipping hundred-pound bags or other enforcement measures.

SUGAR INSTITUTE, INC.

(Henderson files.)

3130 *Government Exhibit 419–N2*

JANUARY 18, 1930.

CONSOLIDATED GROCERY COMPANY,
Ashland, Ky.

GENTLEMEN: We received your telegram with reference to a delay in shipping the car of sugar due you, and unfortunately the futures market weakened which killed the opportunity of a profitable resale.

Had your letter been received a day or two earlier there is no doubt that you could have received bids of $5.07½ to $5.10.

The writer is leaving today for Chicago and has requested his office to keep this matter before the local brokers and somebody may submit an offer to Mr. Mayo.

We exceedingly regret our inability to cancel the order, for as you know we are members of The Sugar Institute, Inc., and the latter institution has condemned as unethical the practice of cancelling bona fide orders and we have pledged ourselves to observe the policies recommended by the Institute. We are pleased to advise, however, that we have extended the delivery date on contracts of December 17th to January 23rd, and trust that in case the sugar is not resold for your account by January 23rd you will supply specifications for shipment to Ashland. We will do our best to find you a buyer in the meantime.

Yours very truly,

ARBUCKLE BROTHERS.

CC: J. W. Mayo & Co., Ashland, Ky.
(Arbuckle files.)

3131 *Government Exhibit 419–O2*

JANUARY 23, 1930.

Memorandum for Mr. Bartlett.

Enforcement Contracts

Mr. Bruyn, of National, took occasion to again make a protest regarding the procedure of some Refiners in reporting undelivered and unspecified contracts, claiming that he had received positive information that dummy orders were included in the undelivered totals, whereas they had reported as undelivered only those orders which were actually on the books for shipment. In view of this situation he stated that the National would withhold further reports until all Refiners agreed to make their reports in accordance with the resolution adopted by the Sugar Institute. Mr. Harper, representing Spreckels, said, in view of National's action they, too, would withhold further figures as to their position regarding undelivered and unspecified contracts. In order to clarify the situation, Mr. Foster, of the American, suggested that no further action be taken in connection with the status of unspecified contracts until Saturday of this week, at which time it was felt that all of the unspecified contracts would be accounted for and there would then be no necessity for breaking down the present procedure.

Mr. Foster also called attention to the fact that their legal department was not satisfied with the resolution adopted concerning the diversion of shipments in transit as it interfered with the terms of their present contract. He read an opinion by their counsel which was favorably regarded by all present. It was considered advisable, therefore, to withhold the uniform announcement recently recommended by the Board of Directors until this matter could have further consideration.

G. P. ENGEL.

(Colonial files.)

3132 *Government Exhibit 419–P2*

JAN. 25TH, 1930.

DEWITT & MEREDITH,
Knoxville, Tenn.

DEAR SIRS: The Sugar Institute has checked up and states that in your city there are remnants in your warehouse and in the Sisler Brok: Co. Whse. which have to be moved by Feb. 20th, as that is the last extension of time the Institute has granted on sugars in brokers' warehouses. There are, of course, sugars in the Knoxville Dist. Co. Whse. and Knoxville Fireproof Storage Co. Whse., but these were not the subject of your letter a couple of weeks ago where you complained refiners were still carrying stocks in brokers' warehouses.

The Institute goes on to say that if we can name any other brokers' warehouse where sugar stock is being carried which belongs to refiners, they will have the matter investigated immediately. Please let us hear from you, as we want to get Knoxville cleaned up properly in line with your ideas.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3133 *Government Exhibit 419–Q2*

JANUARY 29, 1930.

THE SUGAR INSTITUTE, INCORPORATED,
129 Front Street, New York City.

DEAR SIRS: The following customers have refused to comply with the provisions of our contract and accept delivery of sugar booked with us under date of December 16th and were accordingly placed in breach on January 25th, and we will hereafter refuse to accept any business from them. Their names have been removed from our records:

Frank H. Grether, 80 Wall Street, New York City.
L. Aldoroty, 44 Steuben Street, Brooklyn, New York.

Sincerely yours,

General Sales Manager.

CHW.JR:NCC.
C. C./J. W. Mooney.
(American files.)

3134 *Government Exhibit 419–R2*

FEBRUARY 1, 1930.

ALBERGOTTI BROS. & COMPANY,
P. O. Box 632, Roanoke, Va.

DEAR SIRS: Referring to our letter of yesterday, we wish to advise you that while it is the intention of all Refiners to secure specifications not later than February 6th providing for the completion of contracts entered at the 5.10¢ basis, *Refiners have agreed*, due to the congestion caused by the delay in the completion of 5.00¢ contracts, *to allow buyers to order out their sugars for delivery or shipment on any date up to February 16th if it is so desired.* However, it should be distinctly understood that specifications must be filed with us on or before February 6th and that no deliveries or shipments will be allowed after February 16th. Please do not consider this as the establishment of a precedent in any way.

Yours very truly,

NORMAN CROCK.
H. B.

(McCahan files.)

3135 *Government Exhibit 419–S2*

JANUARY 31, 1930.

ALBERGOTTI BROTHERS & COMPANY,
P. O. Box. 632, Roanoke, Va.

DEAR SIRS: We are listing below for your immediate attention undelivered balance remaining on contract entered by you on January 7th at the 5.10¢ basis, as follows:

No. 4991; customer, Durham Bros.; equi., 400; bal., 400.

Since February 6th is the last day of the time of shipment specified in this Contract, we believe it advisable to call your attention to the balance listed above in order to insure completion of the contract strictly within the time of shipment specified therein.

Yours very truly,

E. TINDALL.
A. S.

(McCahan files.)

3136 *Government Exhibit 419–T2*

[Telegram]

NEW YORK, N. Y., *Feb. 6, 1930—4: 50 p.*

Mr. H. E. WORCESTER,
15 Broad St., Boston, Mass.:

Please report for Friday afternoon meeting ABCD five ten contracts as close of business Thursday, February sixth. Also please give any additional telephone or telegraphic reports which would change the book figures herein requested.

THE SUGAR INSTITUTE.

(Revere files.)

3137 *Government Exhibit 419–U2*

FEB. 19th, 1930.

CONNORS BROK. CO.,
Memphis, Tenn.

DEAR SIRS: We do not want to be disobliging but we are going to ship Hurley's last car as Standard Fine. The proposition offered when contracts were reduced to 4.95 basis was that they should actually be moved out of refinery not later than the 15th. Out of their 1,500 sx. we were authorized to ship one car, the second car which was to be drawn out of consigned stock has never moved, and you ask us to change assortment on the last. You know just what the writer thinks of you and that would necessarily go a long way of having any request of yours granted, but in this case, to put it mildly, we are sore at Hurley and we are not going to break another Institute rule for his benefit. That last car is going out as Standard Fine on barge due to leave the latter part of this week or early next week.

Furthermore, if Hurley raises trouble about it, we are just going to hang him up in front of the Institute.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3138 *Government Exhibit 419–V2*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 24th, 1930.

Mr. CHARLES GODCHAUX,
Godchaux Sugars, Inc., 1012 Masonic Temple Building,
New Orleans, La.

DEAR MR. GODCHAUX: You will recall that Mr. Kempner presented to the last Directors' Meeting a proposal that some Institute agency be established in the South for the purpose of dealing with the complaints of members in Southern territory. Consideration was given to this subject by the Enforcement and Executive Committee meetings of the past week, and it was the unanimous opinion of all concerned that the Southern Committee, of which you are Chairman, should be authorized to act as an auxiliary enforcement committee and handle any cases in the territory which is classified as "Southern" territory, whenever you may wish to do so.

It is not intended, of course, that you shall make final disposition of any matter without referring it to the Directorate, but it is designed that you may employ your own investigators, and when their reports are received they are to be considered by your Committee and forwarded to the Directorate with your recommendations.

We believe such procedure will materially expedite investigations and adjustments and, in all probability, be more satisfactory to Southern members on account of their intimate acquaintance with their own problems.

The Minutes of the Executive Committee Meeting of the 20th will carry formal note of the action taken in the matter.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(Henderson files.)

3139 *Government Exhibit 419 W2*

[Telegram]

NEW YORK, N. Y., *Feb. 26, 1930—3:08 p.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

Question has arisen as to meaning term store door delivery as announced at Miami Stop. Henderson who made original announce-

ment advises his purpose was to make warehouse delivery by absorbing trucking charges from pier to customers warehouse on carload shipments and that it did not contemplate drop shipments Stop. Our investigator Miami reports that practice of several refiners does not conform to this intent probably due to brokers misunderstanding Stop. We suggest you make matter clear to your representatives.

THE SUGAR INSTITUTE.

3:18 p. m.
(Revere files.)

3140 *Government Exhibit 419–X2*

[Telegram]

NEW YORK, N. Y., *March 27, 1930—4:45 p. m.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

Responsive to action taken at executive committee meeting March twentieth eastern refiners are posting following notice tomorrow morning Friday twenty-eighth: Quote We request the brokers to advise all buyers that we will expect complete specifications on all contracts entered March seventh on or before the close of business April seventh, and that we will complete delivery as promptly thereafter as our facilities will permit unquote.

THE SUGAR INSTITUTE.

(Revere files.)

3141 *Government Exhibit 419–Y2*

[Telegram]

NEW YORK, N. Y., *April 28, 1930—12:15 p. m.*

H. E. WORCESTER,
Boston, Mass.:

Enforcement committee recommends following notice to members: Quote Institute recommends to members that they require specifications on their outstanding contracts as follows, on all March seventh contracts specifications must be furnished not later than May sixth Stop. On all April fourth contracts specifications must be furnished on or before May twentieth Stop. It will be our policy to follow strictly recommendations of Institute in this matter Stop. Please advise your buyers accordingly unquote.

THE SUGAR INSTITUTE, INC.

(Revere files.)

3142 *Government Exhibit 419–Z2*

[Telegram]

NEW YORK, N. Y., *April 30, 1930—2:05 p. m.*

H. E. WORCESTER,
Boston, Mass.:

All members report they have advised trade to furnish specifications. Outstanding contracts in line Institute's recommendation wired April twenty-eighth.

THE SUGAR INSTITUTE, INC.

(Revere files.)

3143 *Government Exhibit 419–A3*

BAKERS SERVICE BUREAU, INC.,
NEW YORK CITY, *March 24th, 1930.*

ARBUCKLE BROTHERS,
Old Slip & Water St., New York City.

GENTLEMEN: Through our brokers, Turner Brothers, with whom on March 6th we placed our order B7582 for Stroehmann Brothers, at Williamsport, we learned that you reported to them that you could not see your way clear to give Stroehmann any credit for the carload of sugar shipped them under date of March 7th, your invoice #A3151.

This order was placed on March 6th with the understanding that it would be shipped on that date. However, it was not shipped until the following day at which time the market had fallen off fifteen points.

We understand that the Sugar Institute has made the above ruling but we do not think this fair and appeal to you to take up the matter again and see if you do not agree with us.

Yours very truly,
(Arbuckle files.)

BAKERS SERVICE BUREAU, INC.,
L. C. ROSE, *Purchasing Department.*

3144 *Government Exhibit 419–B3*

MARCH 31, 1930.

BAKERS SERVICE BUREAU, INC.,
469 Fifth Avenue, New York City.

GENTLEMEN: Please pardon the delay in answering your letter of March 24th, which was unavoidable.

Turner Brothers spoke to us about the Streehman order of March 6th, which was placed at a time when quite a few firm offers were coming to us, presumably based on the assumption that the cartage allowance of 10¢ per 100 lbs. would be withdrawn. The allowance was withdrawn the next day, but, to our personal surprise, the already low price of $4.85 was also reduced to $4.70.

We were compelled to decline Turner Brothers' request to reprice, for, as members of The Sugar Institute, Inc., we are on record to limit such changes strictly to the letter and spirit of our announcement, which effected only orders confirmed on March 7th. Therefore, you will see, in respect to our pledge, we could not act otherwise.

Yours very truly,

(Arbuckle files.)

ARBUCKLE BROTHERS.

3145 *Government Exhibit 419–C3*

[Telegram]

NEW YORK, N. Y., *April 28th, 1930—12:15 p. m.*

I. H. KEMPNER,
Sugarland, Texas:

Enforcement committee recommends the following notice to members: quote Institute recommends to members that they require specifications on their outstanding contracts as follows on all March seventh contracts; specifications must be furnished not later than May sixth Stop. On all April fourth contracts specifications must be furnished on or before May twentieth Stop. It will be our policy to follow strictly recommendations of Institute in this matter Stop. Please advise your buyers accordingly unquote.

THE SUGAR INSTITUTE.

(Imperial files.)

3146 *Government Exhibit 419–D3*

[Telegram]

SUGAR LAND, *April 29, 1930.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

We have notified our brokers in line with recommendations Institute enforcement outstanding contracts quoted your wire yesterday.

IMPERIAL SUGAR COMPANY.

(Imperial files.)

3147 *Government Exhibit 419–E3*

[Telegram]

NEW YORK, N. Y., *April 29th, 1930—1:42 p. m.*

I. H. KEMPNER,
Sugarland, Texas:

Please advise whether you have posted notice respect recommendation enforcement committee wired you yesterday; if so, please mail copy of notice.

THE SUGAR INSTITUTE.

(Imperial files.)

3148 *Government Exhibit 419–F3*

[Telegram]

NEW YORK, N. Y., *April 29, 1930—1:40 p.*

H. E. WORCESTER,
15 Broad Street, Boston, Mass.:

Please advise whether you have posted notice respect recommendation enforcement committee wired you yesterday. If so, please mail copy of notice.

THE SUGAR INSTITUTE.

(Revere files.)

3149 *Government Exhibit 419–G3*

[Telegram]

NEW YORK, N. Y., *April 29, 1930—12:49 p. m.*

WM. HENDERSON:

Please advise whether you have posted notice respect recommendation enforcement committee wired you yesterday. If so please mail copy of notice.

THE SUGAR INSTITUTE.

(Henderson files.)

3150 *Government Exhibit 419–H3*

[Telegram]

APRIL 29, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Retel we wired last night: quote Institute recommends to members that they require specifications on their outstanding contracts as follows on all March seventh contracts specifications must be furnished not later than May sixth. Stop. On all April fourth contracts specifications must be furnished on or before May twentieth. Stop. It will be our policy to follow strictly recommendations of Institute in this matter. Stop. Please advise your buyers accordingly unquote.

WM. HENDERSON.

(Henderson files.)

3151 *Government Exhibit 419–I3*

[Western Union]

NEW YORK, *May 2, 1930—2:49 p. m.*

WM. HENDERSON, *New Orleans, La.:*

We have been asked to more definitely interpret the intent of enforcement committee's recommendation regarding enforcement of March seventh and April fourth contracts Stop. In addition to requiring specifications respectivaly on May sixth and May twentieth it is understood that the usual twelve days additional time will be

granted for withdrawal from consignment against contracts in guaranteed territory except Texas and that billing is to be made May eighteenth and June second respectively Stop. In nonguaranteed territory and Texas all delvs from csgmt will take withdrawal and billing dates of May sixth and May twentieth respectively Stop. It is also understood that where purchases exceed credit lines of purchaser excess amounts will be shipped sight draft terms unless other satisfactory credit arrangement is made.

THE SUGAR INSTITUTE.

(Henderson files.)

3152 *Government Exhibit 419–J3*

[Telegram]

NEW YORK, N. Y., *May 5, 1930—10:34 a. m.*

WM. HENDERSON, *New Orleans, La.:*

Retel second on contract enforcement please correct third sentence to read Quote In nonguaranteed territory and Texas all deliveries from consignment will take withdrawal and billing dates of May sixth and May twentieth respectively Unquote.

THE SUGAR INSTITUTE.

(Henderson files.)

3153 *Government Exhibit 419–K3*

[Telegram]

NEW YORK, N. Y., *May 7, 1930—2:52 p. m.*

WM. HENDERSON,
New Orleans, La.:

Enforcement committee has requested all refiners to furnish *names and location of all customers having unspecified balances over five hundred bags March seventh contracts for meeting morning May eighth.*

THE SUGAR INSTITUTE.

(Henderson files.)

3154 *Government Exhibit 419–L3*

Exhibit 419–L3 (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from Henderson to the Institute listing the unspecified balances as requested by the Institute in Exhibit 419–K3.

3155 *Government Exhibit 419–M3*

Exhibit 419–M3 (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from the Institute to Revere, dated May 2, 1930, identical with Exhibit 419–I3.

3156 *Government Exhibit 419–N3*

[Telegram]

NEW YORK, N. Y., *May 6, 1930, 3:30 p. m.*

Mr. H. E. WORCESTER,
Boston, Mass.:

Contract clearance reports required tomorrow should be made on basis book records but any additional information received by telegraph or telephone can be included as separate item to enforcement committee.

THE SUGAR INSTITUTE, INC.

(Revere files.)

3157 *Government Exhibit 419–O3*

[Telegram]

NEW YORK, N. Y., *May 7, 1930, 3:40 p.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

Enforcement committee has requested all refiners to furnish names and location of all customers having unspecified balances over five hundred bags March seventh contracts for meeting morning May eighth.

THE SUGAR INSTITUTE.

(Revere files.)

3158 *Government Exhibit 419–P3*

[Telegram]

NEW YORK, N. Y., *May 8, 1930, 5:07 p. m.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

It is recommended that to all customers who have not furnished specifications due May sixth you send the following wire tomorrow, May ninth, quote unless we are advised by wire that specifications for immediate shipment due us on May sixth will be in our hands
on or before May tenth we shall ship at once one-hundred-
3159 pound bags granulated unquote Stop. Please advise Institute of names and full particulars in all cases where for any reason you do not take this course for information and action of board of directors at meeting of May fifteenth.

SUGAR INSTITUTE, INC.

(Revere files.)

3160 *Government Exhibit 419–Q3*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 5, 1930.

Mr. W. H. HOODLESS,
Pennsylvania Sugar Company, Philadelphia, Pa.

DEAR MR. HOODLESS: The Institute desires to call attention of the members to the Resolution of the Directors at their meeting on June 27th, 1929, relating to the discrimination which occurs by granting extensions to buyers on withdrawal of sugar other than in accordance with the terms of their contracts. Therefore, it is recommended that members at the time of their next price change accompany it with the following notice to the trade:

"We shall adhere to the provision of our sales contract with reference to time for delivery and will require that specifications, for immediate shipment, be furnished not later than thirty (30) days after date of contract."

You will find the Directors' Resolution in the Minutes of June 27th, 1929, page 2.

At the Directors' Meeting of May 15th, 1930, it is suggested that consideration be given to naming an earlier date for requiring specifications, so that all shipments shall be completed within each thirty-day period.

Please acknowledge receipt of this letter.

Very respectfully,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Acting Executive Secretary.

(Pennsylvania files.)

3161 *Government Exhibit 419–R3*

[Telegram]

NEW YORK, N. Y., *May 8, 1930—4:49 p. m.*

WM. HENDERSON,
New Orleans, La.

It is recommended that to all customers who have not furnished specifications due May sixth you send the following wire tomorrow May ninth: Quote Unless we are advised by wire that specifications for immediate shipment due us on May sixth will be in our hands on or before May tenth we shall ship at once one hundred pound-bags granulated unquote. Stop. Please advise Institute of names and full particulars in all cases where, for any reason, you do not take this course for information and action of board of directors at meeting of May fifteenth.

SUGAR INSTITUTE, INC.

(Henderson files.)

3162 *Government Exhibit 419–S3*

MAY 21ST, 1930.

LEWIS CULP, INC.,
Louisville, Ky.

DEAR MR. LEWIS: Please let the enclosed bill against Merchants Who. Gro. stand as it is under date of May 12th. You will remember all refiners made that the final clean-up date for deliveries out of consignment, and if we had not billed up the Merchants Who. with the quantity involved we would have had to report them by name to the Sugar Institute and that would not have done either them or us any good. You may tell these people, however, that their deduction of discount, if paid the latter part of this week, will be all right with us, which, we believe, should take care of the matter in a way satisfactorily to them.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3163 *Government Exhibit 419–T3*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, June 6, 1930.

For the Information of Members.

Letter received from California and Hawaiian Sugar Refining Corporation, Ltd.

MAY 29, 1930.

GENTLEMEN: This will serve to acknowledge receipt of your circular letter of May 26 enclosing Minutes of the Executive and Enforcement Committee meetings of May 22. I note that the members' reports of May 20 show that about 2,700,000 bags of undelivered sugar in the nonguaranteed territory were unshipped on that date. Will you kindly advise me how many bags were unshipped on contracts in the guaranteed territory?

Just after the contracts were booked on April 4 and in fact after the contracts were booked on March 7, we were advised by buyers in various sections that they had been promised 60 days in which to withdraw the sugar. These so-called rumors and reports were denied by all refiners whom I interviewed. I just want to say that in view of the Minutes herein acknowledged and under the subject of "Contract Enforcement" in both Minutes, it is very evident to me that the statements around March 7 and April 4 were not rumors but were facts. I want to put myself on record by stating that these conditions or any similar conditions cannot go on in the future and the

California and Hawaiian Sugar Refining Corporation remain a member of The Sugar Institute.

Yours very truly,

(Signed) GEO. M. ROLPH.

Very truly yours,

THE SUGAR INSTITUTE.

(C. and H. files.)

3164 *Government Exhibit 419–U3*

JUNE 10, 1930.

Mr. J. A. MONET,
Baltimore, Maryland.

DEAR MR. MONET: The following customers have been reported by the Sugar Institute as having refused to complete contracts for refined sugar purchased either on March 7th or April 4th. Under the circumstances, please do not accept any business from these customers without communicating with us.

[List omitted in printing.]

Yours very truly,

General Sales Manager.

CHW.JR:NC.
(American files.)

3165 *Government Exhibit 419–X3*

JULY 12TH, 1930.

CONNORS BROK. CO.,
Memphis, Tenn.

DEAR SIRS: We know you have been watching those contracts of June 16th which are due Tuesday and urge you without fail to give specifications to clean them up by that date even if your buyers need a little delay. *You remember that when we booked we advised you that buyers would be called on to take these out at expiration and the Institute is hounding the life out of us to see that that is done.*

Yours truly,

WM. HENDERSON.

(Henderson files.)

3166 *Government Exhibit 419–Y3*

JULY 17, 1930.

CONNORS BROK. CO.,
Memphis, Tenn.

DEAR SIRS: We note Clarence Saunders-Greenville, wants delay on their car until July 31st and that is really beating a willing horse. We will, however, cut what we can and hold the shipment out until the last possible minute we are permitted to by the Institute.

Note you are delivering Hurley car out of Memphis stock and want to tell you right now that if it is to be a consignment delivery it will have to be made right away.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3167 *Government Exhibit 419–Z3*

JULY 30TH, 1930.

O. C. HOLLAND & Co.,
Montgomery, Ala.

DEAR SIRS: On getting neither letters or wires from you today, we phoned an hour or so ago about the contracts which are now due, and we certainly were mighty happy to hear from the lady in your office that you had them all lined up and everything had been taken care of in good shape.

The way the Sugar Institute is behind us nowadays makes it impossible for a man to call his soul his own. I suppose it is for the good of the cause, and we are really better off then in the old cut-throat days, but situations such as are brought about by contract-enforcement regulations often bring about very disagreeable complications.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3168 *Government Exhibit 419–B4*

OCT. 8TH, 1930.

ANDALUSIA BROKERAGE CO.,
Andalusia, Ala.

DEAR SIRS: Some things we can do and some things we cannot do. We simply had to get our report to the Institute on the basis of clean-up of stocks; and if we had attempted to separate the City Wholesale order from everybody else's and give them a week's extra time, we would have *had to report them by name as delinquent.* We appreciate they are having a hard time, and that is all the more reason why we cannot understand why they did not look with favor on our method of shipping barge with terms based on payment after arrival. Their attitude seems to us unreasonable, and as there is no possible way we can oblige them, we were compelled to wire you as we did this afternoon.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3169 *Government Exhibit 419–C4*

NOV. 10TH, 1930.

ANDALUSIA BROK. CO.,
Anddlusia, Ala.

DEAR SIRS: We were very much pleased, indeed, with your successful cleanup of contract specifications, and note from your letter of the 8th just what you want done about Sessoms Gro. Co., who have still two cars to come. In each of the cars we will give at least 125 sacks Atlantic, and more if possible.

You go on to ask for delay, and yet you insist on rail shipment. We cannot hold the second car way until end of next week, as the *Institute would bear down on us like a load of bricks.* We make this suggestion, and will follow it out unless we hear from you to the contrary. We will put both cars at the bottom of the pile with other shipments ahead, so that the first of the two will not move out by rail until the latter part of this week. Just about that time we will be cleaning up all bookings at 4.35 basis, and to give Sessoms the delay desired we will ship the second car by barge. This, as you can see, will entail very near one week's extra time, and as payment will be based on arrival terms just the same as if car moved rail, Sessoms will not be up against tying up his money before he actually gets the goods.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3169½ *Government Exhibit 419–F4*

MAY 20TH, 1931.

O. C. HOLLAND & CO.,
Montgomery, Ala.

DEAR SIRS: One of the limitations of the Institute is a 30-day contract, so we are unable to dicker with the W. & W. Pickle Co. on basis of an absolute price for shipments deferred until July, August, and Sept. What we can do is this: We can sell them a 30-day contract, and when time is up on that, store it in warehouse, which belongs to the Hendersons, at a rate of 3¢ handling in and out, plus 2¢ a month storage. Take today's market price, 4.35, for illustration. Leaving out of the question the freight rate, which will apply under any condition—first of all they will get a free 30 days under their regular contract; that will bring them approximately to the 1st of July; 3¢ for handling, then 2¢ for July storage, 2¢ for August storage, and barge shipment at end of that period would mean arrival of sugars in Montgomery about middle of September with a total cost of 4.42, less 2%. It is true the Pickle Co. would have to tie up

their money for two months, as our bill would have to be paid in early July, and there would be a slight amount of fire insurance, which latter would not amount to much, as the warehouse is a sprinkler risk. If desired, Pickle Co. could get negotiable receipts so that the scheme could be financed if they thought same desirable.

This particular scheme would have the merit of letting them extend time on movement of their sugar, or they could order it out earlier and save some storage in that way. We hope you work hard on them and, perhaps, put a good trade through.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3170 *Government Exhibit 420*

SAVANNAH, GA., *January 9, 1928.*

MY DEAR MR. RIONDA: I am enclosing our check for $1,000.00, the same being the initiation fee of $500.00 and 1928 dues; all of this in accordance with the bylaws of the Sugar Institute, Inc.

I am not certain whether the proper name is "The Sugar Institute, Inc.", or "Sugar Institute, Inc." I will appreciate advice from you on this subject.

I have sent Mr. Goetzinger the information which should go to him, and also advised him that we today increased our differential on small packages and *have notified the Trade that on and after this date we will make no allowances or concessions for any reason from our openly, publicly announced price.*

With personal regards, I am,

Yours very truly,

President.

WSP.FM.

Mr. MANUEL RIONDA, Jr.,
Treasurer Sugar Institute, Inc., Czarnikow-Rionda Company, Wall and Front Streets, New York, N. Y.

(Savannah files.)

3170½ *Government Exhibit 420 B*

JANUARY 14, 1928.

Mr. H. RESSLER,
71½ Mulberry Street, New York, N. Y.

DEAR MR. RESSLER: In the past we have permitted you to deduct 2% cash discount from payments covering shipments for your account to the Federal, State, and City Governments, even though the usual seven days had expired. In the future, in accordance with the Code of Ethics adopted by the Sugar Institute, Inc., we cannot extend this privilege to you, and it will be necessary for you, in order

to earn the 2% cash discount, to pay all invoices covering such shipments to the Government within the regular seven-day period.

With kind regards,

Yours very truly,

Assistant to Mr. White.

HVD/EJ.
(American files.)

3171 *Government Exhibit 420–D*

THE FRANKLIN SUGAR REFINING CO.,
Philadelphia, October 11, 1928.

Mr. H. G. HALLBERT,
c/o The American Sugar Refining Company,
117 Wall St., New York, N. Y.

DEAR MR. HALLBERT: Referring to conversation of yesterday, the Great Western Sugar Company is now allowing two percent cash discount applicable on service charge item.

While this may be trifling one way or the other, still some of the trade have taken exception to our refusing to allow it.

We are bound to spend more than this amount in attempting to secure a refund of deductions which are sure to be made.

Yours very truly,

THE FRANKLIN SUGAR REFINING COMPANY.
W. F. JETTER.

(American files.)

3172 *Government Exhibit 420–E*

OCTOBER 16, 1928.

Mr. W. F. JETTER,
Philadelphia, Pa.

DEAR MR. JETTER: Referring to your communication of the 11th in connection with conversation relative to allowing 2% discount applicable on service charge item; I am enclosing herewith copy of our today's letter to the Institute, which is self-explanatory. As soon as I get anything from them I will advise you.

Yours very truly,

General Sales Department.

HGH/AB.
(American files.)

3173 *Government Exhibit 420–F*

OCTOBER 16, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

(Attention Mr. Taylor.)

DEAR SIRS: We are advised by our Franklin Office that the Great Western Sugar Company is now allowing two percent cash discount applicable on service charge item on deliveries from consigned stock in less than carload quantities.

While this may be trifling one way or the other, still some of our trade have taken exception to our refusing to allow it.

Inasmuch as we believe that all refiners with the exception of the one mentioned above are not allowing the cash discount on the service charge, may we not ask that you take this up with the competitor in question, with a view of placing them on the same basis as ourselves.

Yours very truly,

General Sales Department.

HGH/AB.
(American files.)

3174 *Government Exhibit 420–G*

SAVANNAH SUGAR REFINING CORPORATION,
Feb. 2, 1928.

Memorandum to W. S. P. from H. R. H.:

I talked with Mr. Ewing Cain today over the telephone regarding changing his differentials. He said that he had not changed them on account of Federal, Arbuckle, C. & H., Godchaux, Henderson, and Colonial. I asked him if all refiners *changed their differentials* would he be willing to change his, and he said that he would be only too glad to cooperate at any time.

(Savannah files.)

3175 *Government Exhibit 420–H*

C. L. CRABB & COMPANY,
Atlanta, Feb. 6, 1928.

DEAR CHARLIE: We subscribe to the ethics of the Sugar Institute in all respects, but so far as our territory is concerned *we are slowly but surely being crucified on the cross of the Institute.* Hope that you will be able to remedy this distressing situation at a near date.

Regards.

C. L. C.

Mr. M. B. MURPHY,
New Orleans, La.

DEAR MR. MURPHY: Mr. Watkins writes from Columbus as a matter of information the Hershey people are offering the jobbers in Columbus consigned stocks payable in 30 days.

Heretofore the Savannah and Hershey people made consignments only to small interior points and we are sorry to note that Hershey is now consigning sugar to the trade in Columbus proper.

We do hope that authority will be given us to meet Savannah and Hershey competition, since we are losing all of our out of town business to these refiners.

During the past ten days we have had not less than 11 cars offered us for consigned shipment, which we were unable to accept and which reverted to Savannah and Hershey.

With kind regards and best wishes,

Yours very truly,

(American files.)

3176 *Government Exhibit 420–I*

FEBRUARY 28, 1928.

Messrs. GEO. E. KEISER & Co.,
Chicago, Ill.

GENTLEMEN: When accepting orders for barge shipment, please have it understood with the buyer that invoice must be paid 14 days after shipment. *This will be required by all refiners* and inasmuch as it is in accordance with the Code of Ethics, we cannot deviate from the ruling.

Please have it further understood that when sugar is loaded out from our refinery in good order, we cannot assume any liability as to its condition upon arrival.

Very truly yours,

COLONIAL SUGARS COMPANY.
C. B. NEWMAN.

(Colonial files.)

3177 *Government Exhibit 420–K*

WESTERN SUGAR REFINERY,
San Francisco, California, April 16, 1928.

BEND SOUTHALL SLEEPACK COMPANY,
311 The Brokerage, St. Paul, Minnesota:

Your letter twelfth concerning Mitchell contract thirty-three. Stop. Cannot consider their request and must abide by not only terms and conditions under which sale made but also rulings Sugar Institute to which we are adhering. Stop. Regret exceedingly that Mitchell has overpurchased but tax question and condition raw

market is one which we can hardly use as a basis for breaking down selling terms. Stop. All March fourteenth contracts are now completed and can no longer delay delivery of these goods. Please advise whether we shall forward specifications furnished to Mitchell or whether you have succeeded in disposing for their account in which event furnish revised instructions. Answer.

WESTERN SUGAR REFINERY.

(Western files.)

3178 *Government Exhibit 420–L*

[Copy]

The following telegrams are circulated for the information of members:

(Circulated to 13 directors of Sugar Institute only. Kindly consider as confidential)

MAY 4, 1928.

The SUGAR INSTITUTE,
129 Front St., N. Y.:

We are advised *Godchaux have* announced *payment terms of seven days after arrival on barge shipments. Stop. This contrary our understanding as expressed in last paragraph. Mr. Place's letter April 3rd to Judge Ballou which letter circulated by you to all refiners.* Please refer Meinrath circular dated April 16th, of which copy sent Judge Ballou April 24th, from which it appears buyers have very valuable option of barge shipments from New Orleans on either 14 days or 28 days transit time. This option is in addition to rail shipment from New Orleans at Philadelphia rail-and-lake rate. If in addition to these valuable options and in addition to a barge rate 5½¢ below rail-and-lake rate New Orleans quote same payment terms of seven days after arrival, we feel other refiners cannot compete. This action contrary to practice for many years during which New Orleans maintained good volume barge shipment with service very much poorer than at present, due solely to large freight rate advantage. We fear this action of placing sugars at destination at barge rate payable 7 days after arrival will inevitably lead to breaking down basing rate to barge basis.

THE W. J. MCCAHAN SUGAR REFG. & MOL. CO.

[Copy]

3179 MAY 4, 1928.

W. J. McCAHAN SUGAR REFG. & MOL. CO.,
101 South Front St., Philadelphia, Pa.:

With the breaking down of freight application Illinois, Wisconsin, Minnesota to the lake-and-rail basis there are several cane refiners plus all domestic beet which serve that territory exclusively on an all-rail basis and have no differential routes for shipment. This volume of sugar is being sold on basis 7 days after arrival. Much as I regret to see terms of payment correspondingly broken down, I could see no way for Eastern refiners to meet this competition effectively except to be able to quote same terms of payment as well as same freight application. If eastern refiners are thus at liberty, it follows that Southern refiners must likewise be. Eastern refiners have been doing business against a barge rate 10¢ less than their application and are now doing business against a barge rate only 5½¢ less than their application. The answer to this in both cases is that barge movement is limited in volume and even when used to capacity is not sufficient to take the market from Eastern and Western refiners. I realize perfectly that when a rate structure is broken down in one particular, the natural tendency is for everyone else to break it down a little further until the situation is complete demoralized, but I hope that some saving common sense will prevent this result.

THE SUGAR INSTITUTE.

MAY 4, 1928.

J. MOOG,
Godchaux Sugars, Inc.,
New Orleans, La.:

Do you consider it advisable to quote different terms of payment on barge shipments to Illinois and Wisconsin, or do you think that all barge and other differential shipments should now be seven days after arrival.

THE SUGAR INSTITUTE.

3180 [Copy]

MAY 4, 1928.

Judge SIDNEY BALLOU,
The Sugar Institute, New York.:

Answering as lake-rail rates only prevail open navigation season and to limited number Illinois points although quite generally Wisconsin, Minnesota, where, however, volume not large and transit time longer, I feel payment terms barge other differential routes should only be changed to these specific lake-rail points. My views general application 7 day after arrival terms barge other differential

routings unfair to refining points not having differential routings available. Instituting 7 day after arrival terms lake-rail prevailing rate points not unfair to refiners not having differential routes as lake-rail rates reduce freight advantage barge movement to 5.7¢. Our experience this small difference will not induce buyers take barge movement even though rail payment terms. With full 10¢ saving to points where lake-rail rates not in force and 7 day after arrival terms it would be unnecessarily large inducement barge movement which in view barge facilities am not favor fostering.

J. Mooc.

MAY 4, 1928.

J. Mooc,

Godchaux Sugars, Inc., New Orleans, La.:

Philadelphia refiner protesting against your terms 7 days after arrival as authorized by me over telephone. Did I go too far in hasty ruling? Would it be a fair basis to say that all sugars sold on lake and rail application should be 7 days after arrival, while all shipments by barge on which customer gets advantage still 5½ below should be on 14 days shipment as heretofore?

THE SUGAR INSTITUTE.

3181 [Copy]

MAY 4, 1928.

Judge SIDNEY BALLOU,

The Sugar Institute, Inc., New York:

Does not today's previous message fully answer question barge terms? Henderson refinery concur views expressed therein. As next Institute meeting 10th, suggest any difference opinion to be discussed there, as, while we cannot see but what Philadelphia is helped rather than injured by reducing barge-rail differential from 10 to 5.7¢, yet we not adamant this question and want cooperative for general good industry. In meantime suggest call Philadelphia's attention to small amount barge sugar shipped Illinois, Wisconsin so far this year, which, to us, clearly shows buyers, even with 10¢ barge advantage, not interested barge movement. This, our experience shows, will become increasingly so with summer demand, as barge movements very indefinite as to delivery time.

J. Mooc.

MAY 4, 1928.

THE SUGAR INSTITUTE, INC.,

129 Front St., New York:

Telegram received. Barge shipments having optional slow movement New Orleans should have been prevented from meeting arrival terms on such shipments in the same manner Philadelphia refiners

were in the past prevented from meeting arrival terms on our own differential shipments. Past statistics based partly on business taken before formation Institute and reflect good will on part of Western buyers who do not care abandon us immediately, believing some solution will be found to place us on competitive basis. This good will cannot continue. It stands to reason Eastern refiners cannot sell on same payment terms at higher freight rate than New Orleans, who can meet all Eastern competition and grant additional
3182 cheaper and very valuable routings. As in the case of Savannah, volume of actual barge shipments does not reflect entire volume of business diverted due to these optional routings. As far as barge equipment is concerned, facilities will be provided if demand exists, and, once provided, will continue available even if operated at a loss. This proves error of judging future by past statistics because it is useless to close barn door after cow is stolen. McCahan will probably not take initial step, but, nevertheless, believe basing rate will inevitably be broken down to barge basis under payment terms now quoted on New Orleans barge shipments.

THE W. J. MCCAHAN SUGAR REFG. & MOL. CO.

THE SUGAR INSTITUTE, INC.,
SIDNEY BALLOU, *Executive Secretary.*

(Revere files.)

3183 *Government Exhibit 420–M*

MAY 15, 1928.

THE PICKRELL AND CRAIG CO.,
Louisville, Ky.

GENTLEMEN: Again we are having trouble with Bradsa & Gheens. We received their check on May 11th for $3,699.41 to pay invoice of April 24th, which invoice was mailed on the 28th.

We are certainly going to get into trouble with the Sugar Institute if we continue to accept their checks so far past due, less discount. We wish that you would have a talk with Mr. Gheens and put the matter up to him, telling him that we are not permitted to allow discount where the terms are exceeded. Last year we had a great deal of trouble with this account, but this year, as you know, it is an entirely different proposition and it is considered an unfair practice for a jobber or manufacturer to take more than the terms allowed on the invoice.

Please let us know what is going to be done about this discount, for we have not as yet credited him with it.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.

(National files.)

3184 *Government Exhibit 420–N*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 23rd, 1928.

To all Members of the Sugar Institute:

Subject: Private pool cargoes.

GENTLEMEN: The attention of the Executive Secretary has been called to the practice of chartering private steamers at a rate lower than the published freight tariff and the allocation of a portion of the space to certain selected buyers, whose sugar is thus delivered at the private charter rate.

There can be no objection to refiners getting their own sugar to market in the cheapest way available, but the Executive Secretary is inclined to think that the allocation of such space to particular buyers amounts to the delivery of sugar at a price not open to all, and is therefore discrimination within the meaning of the Code of Ethics.

Before making any ruling on the subject, the Executive Secretary would like to have the views of the Members of the Institute.

Very truly yours,

(Sgd.) SIDNEY BALLOU,
Executive Secretary.

(Colonial files.)

3185 *Government Exhibit 420–O*

June 23, 1928.

COLONIAL SUGARS COMPANY,
New Orleans, La.
(Attention Mr. Wogan.)

GENTLEMEN: At a Directors' meeting of the Sugar Institute held June 14th, the following resolution, interpreting the meaning of carload deliveries from consignment, was adopted:

"A carload delivery from consignment is the delivery of the minimum carload quantity required by the freight tariff applicable, and invoiced to the buyer on one bill with discount seven days after date of invoice. Such sugar must be withdrawn by the buyer within three days from date of invoice, all storage charges after such three days to be for the account of the buyer, irrespective of any free time storage remaining on account of refiner, notification to this effect being given to the warehouse at the time of sale."

As the Institute does not wish its members to discuss or publish their deliberations, we would suggest that in notifying the brokers concerned, that you transpose the resolution into different words and issue it as coming from your office, rather than by authority of the Institute.

This resolution will particularly govern deliveries in the States of Alabama, Tennessee, Kentucky, Indiana south of and including Terre Haute, and Cincinnati, Ohio, and which will permit the broker to report a carload delivery from consignment to a buyer

to be invoiced as of the date the order was placed and permitting the buyer three days in which he may withdraw the sugar. Any additional time, the storage is for the buyer's account. Payment, however, is to be based on the invoice date.

Very truly yours,

COLONIAL SUGARS COMPANY,
C. B. NEWMAN.

(Colonial files.)

3186 *Government Exhibit 420–P*

[Telegram]

SAVANNAH, GA., *July 3, 1928.*

C. H. WHITE,
General Sales Manager American Sugar Refg. Company,
117 Wall St., New York, N. Y.:

Your local broker is making no charge for drop shipments and Hershey is meeting this competition. We are at present charging fifteen cents per hundredweight with a maximum charge of one dollar twenty-eight cents for one order to one destination, eliminating charges only on orders totaling twenty bags to one destination Stop. We have had this matter up for sometime with your local broker and Hershey's broker and *Hershey's broker* is willing and has *authority to place this charge into effect immediately, provided both American and Savannah are willing to do* so. The matter has lagged along for considerable time and we would appreciate a wire from you advising whether you will place this charge in effect immediately or not. In case you are unwilling to place this drop shipment charge into effect, it will be necessary that we discontinue any charge for drop shipments.

THOMAS OXNARD.

(American files.)

3187 *Government Exhibit 420–Q*

[Telegram]

SAVANNAH, GA., *July 24, 1928.*

Judge SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

Unless Hershey raises his *differential on pockets* to meet ours, we will be compelled to reduce our differential on pockets to same basis as Hershey starting in State of Georgia. Would appreciate your conferring with Pike and *seeing if he is not willing to raise his differential*, advising us of result Stop. You can also bring this up at executive committee meeting today.

11:35 a. m.

PARDONNER.

(Savannah files.)

3188 *Government Exhibit 420–R*

VINCENT AND SURRENCY,
Jacksonville, Florida, October 12, 1928

W. J. MCCAHAN SUGAR REFINING & MOLASSES COMPANY,
Philadelphia, Pa

GENTLEMEN: We have your wire advising that on new busine the minimum carload quantity for delivery out of consignment, w be 40,000#.

We understood that we were to use the lowest minimum in eff by the Transportation Companies, bringing the Sugar from the R finery to Jacksonville. This is 30,000# according to Merchants Miners Transportation tariff to Jacksonville proper. On points o side of Jacksonville, the minimum is 40,000#.

We trust that you may see fit to revise this ruling, making t minimum 30,000# to Jacksonville proper, and 40,000# to points o side of Jacksonville, that we might be in line with the publish tariffs.

Yours very truly,

VINCENT & SURRENCY,
By D. B. VINCENT.

(McCahan files.)

3189 *Government Exhibit 420–S*

OCTOBER 16, 1928

MESSRS. VINCENT & SURRENCY,
Jacksonville, Fla.

DEAR SIRS: We acknowledge receipt of your letter of October 12 and have noted your remarks concerning our Announcement No. of October 11th, designating 40,000 pounds equivalent as the mi mum carload quantity for purposes of determining the application the service charge on consignment deliveries.

We wish to advise you that the above is the practice of all Refin and we did not take this step particularly from choice. *Our act in the matter was governed by an understanding amongst refin operating in Southern markets to standardize the minimum carlo quantity*, the better to handle business in Southern markets under t new freight rates which have gone into effect recently.

Yours very truly,

N. CROCK

(McCahan files.)

3190 *Government Exhibit 420–T*

Minutes—The Sugar Institute, Inc.

Subject: Uniform terms.

An informal committee for the discussion of *uniform terms of payment* and discount met in the Board Room of the Sugar Institute at 2 P. M., December 3rd, 1928.

Present: Judge Ballou, Chairman; Messrs. Abbott and Ripley, of the American; Messrs. Harahan and Engel, of Colonial; Messrs. *Raymond* and Quinn, of National; Mr. Place, of McCahan; Mr. Cody, of Arbuckle; Mr. Stone, of Federal; Mr. Patterson, of the Sugar Institute.

Judge Ballou presented three problems for discussion:

1. When is money due for sugar, that is, what constitutes the *time of payment?* Further, what should be the time of the beginning of the *discount period* in respect to (a) "Rail", (b) "Water & Rail", (c) "All Water" shipments?

2. When is payment made to entitle the buyer to the discount? That is, should the payment be in the mail on the last day of the period, or should it arrive at the refinery at that day?

3. *What constitutes arrival?*

Judge Ballou submitted clauses relating to terms and payment taken from a number of the refiners' contracts now in use. This was done in order to furnish a starting point for discussion as to the most acceptable clauses to be embodied in a uniform contract.

A copy of the uniform contract adopted by the Canners' League of California was presented as a sample of what other organizations have been doing in this line.

The C. & H. definition of what constitutes arrival, as outlined in the proposed uniform contract, was discussed. It was Mr. Place's opinion that this definition was unfair to buyers in large terminal centers, such as Chicago, as it often took a car from 24 to 48 hours to be switched from the general freight yards to a public team track or private siding. Mr. Place proposed that "*arrival*" should be construed *as 48 hours before demurrage starts.*

After discussion and the reading of the demurrage clause of the railroads' tariffs, Mr. Ripley drew up the following definition
3191 which was approved:

"Arrival at destination by rail means date on which the free time granted by the carriers for unloading commences to run, as indicated by railroads' car-demurrage records, whether at Hold yard, classification yard, public team track, or private siding."

It was decided that arrival by water should be defined as follows:

"Arrival at destination by water means the date on which vessel first ties up to dock at destination to discharge cargo."

The following extracts from the C. & H. contract were deemed advantageous to be included in the paragraph covering arrival:

"If buyer instructs that car be held or delayed in transit, the date of such instructions shall be considered the date of arrival. In case of failure by carrier to deliver car within thirty (30) days from date of shipment, the 30th day from date of shipment shall be considered as date of arrival."

"Date of arrival of shipment reaching destination after 5 P. M. shall be opening of business on next business day."

Assuming that the discount period is to be extended to ten days, it was decided that the paragraph covering "Cash Discount" should read:

1. On all rail shipments cash within 10 days after arrival at destination less 2% if paid within such period.

2. On deliveries from consignment cash within 10 days after date of withdrawal order less 2% if paid within such period.

3. On deliveries from refinery by truck cash within 10 days after delivery to truck less 2% if paid within such period.

The Payment Date—that is, the date from which the discount period begins to run—was discussed as to shipments other than rail, and the following recommendations were approved:

1. On Rail and Lake shipments to territory where the Rail and Lake rate is the ruling freight basis, payment date is arrival at destination.

2. On barge shipments from New Orleans to territory where the ruling freight basis is higher than the Mississippi-Warrior Barge rate, payment date is fourteen (14) days after shipment.

3. On shipments by any route to territory where the ruling freight basis is the Mississippi-Warrior Barge rate, payment date is arrival at destination.

The meeting then adjourned until 2 P. M. Thursday, De-
3192 cember 6th, when the following points will be discussed:

1. The payment date in territory represented by Cleveland and Detroit covering the "Standard Differential" and "All Water" movements.

2. The payment date in Eastern territory, including Rochester, Syracuse, etc., on shipments by the "Standard Differential" and "All Water" movements.

3. The payment date on Water shipments on the Atlantic Coast.

4. What is the dividing line between Detroit and Cleveland territory and the Eastern territory? Is the official C. F. A. line satisfactory?

5. What constitutes payment to entitle the buyer to the discount? Should this be mailing, or receipt by the refinery?

(Sgd.) W. W. Patterson, *Acting Secretary.*

3193 *Government Exhibit 420–U*

The Sugar Institute, Inc.

Subject: Uniform terms.

The adjourned meeting of the informal committee for the discussion of uniform terms of payment and discount met in the Board Room of the Sugar Institute at 2 P. M., December 6, 1928.

Present: Judge Ballou, Chairman; Messrs. Abbott and Ripley, of the American; Messrs. Harahan and Engel, of Colonial; Messrs. Raymond and Quinn, of the National; Messrs. Cody, Carling, and Haley, of Arbuckle; Mr. Place, of McCahan; Mr. Harper, of Federal; Mr. Patterson, of the Sugar Institute.

The minutes of the meeting held on December 3rd were discussed. Several changes were recommended. In order to definitely establish a date on which an invoice becomes due and payable, it was decided to describe that date as the "date discount period commences", and consequently have the payment terms read as follows:

1. *Cash within ten days* after date discount period commences less 2%, if paid within such period.

The following provisions tentatively decided upon at the first meeting were unchanged:

1. On deliveries from refinery via truck, date discount period commences is the date of delivery to truck.

2. On deliveries from consignment, date discount period commences is the date of withdrawal order.

3. On all rail shipments, date discount period commences is the date of arrival at destination.

To clarify payment terms applying on particular routings to specified territories, the following recommendations were tentatively arrived at:

1. Where routing via "Water & Rail" carries a rate equal or higher than the prevailing selling basis, date discount period commences shall be date of arrival at destination.

The area in which this situation would exist would be the territory including the States of Illinois, Wisconsin, and Minne-
3194 sota, where the "Rail & Lake" rate is the selling rate; area (described in paragraph 2) where Mississippi-Warrior Barge Line Rates are the prevailing selling rates; and also, those portions of the States of Virginia, West Virginia, Tennessee, North Carolina, and South Carolina where the selling rate is the Baltimore "Ocean & Rail" rate.

2. To area in which the Mississippi-Warrior Barge Line rates make the selling basis, date discount period commences will be date of arrival.

The area to which this applies includes the State of Alabama and those portions of the States of Tennessee and Kentucky where the Barge Line rate is the lowest rate, and that part of Indiana South of a line running from the Ohio-Indiana State Border through

Fort Wayne and following the Wabash River through Logansport, Peru, Wabash, Huntington, Lafayette, and directly West to the Illinois State Line and Cincinnati, Ohio, in the State of Ohio.

3. On shipments via routes made up of a combination of "Rail & Water" carrying rates lower than the prevailing selling rate, date discount period commences will be date of shipment.

The area to which this ruling will apply will include the States of Illinois, Wisconsin, and Minnesota where "Rail & Lake" selling rates are effective and which are reached via C. A. T. line routing.

4. On shipments via "All Water" routes and via the Mississippi-Warrior Barge Line carrying rates lower than the prevailing selling basis, date discount period commences will be four (4) days from date of shipment.

The area illustrative of this rule includes that part of Illinois where the rail rates from New Orleans are lower than the "Rail & Lake" rates, points in Illinois, Wisconsin, and Minnesota where the Mississippi-Warrior Barge Line rates are lower than the "Rail & Lake" rates; also points in Northern Indiana North of the barge area, points in Michigan and Ohio, including Detroit, Toledo, and Cleveland, where the Mississippi-Warrior Barge rates or "All Water" rates from the East are lower than prevailing selling rates, but does not apply to Buffalo and points East.

3195 5. In the territory East of and including Buffalo comprising New England territory, Trunk-Line territory, and Southeastern territory, date discount period commences will be date of arrival via all routes.

In the latter part of the discussion Mr. Tyler, of the California and Hawaiian Sugar Refining Corporation; Mr. Stratmann, of the Seavey & Flarsheim Brokerage Company; Mr. Roach, of Federal; Mr. Douglas, of the Domestic Sugar Bureau; and Mr. Taylor, of the Sugar Institute, entered the meeting.

Mr. Douglas brought up for discussion the advisability of *tracing every shipment* in order *to avoid* the possibility of diverting cars in transit to areas carrying a higher selling rate than carried on buyers' invoices, and also to insure proper application of arrival terms to price guarantee, adjustments, and discount terms. Mr. Douglas further stated that it was the customary practice of all the members of the Domestic Sugar Bureau to trace all shipments.

It was recommended for the purpose of a closer check on discount periods that refiners trace all shipments to secure record of arrival from carriers, and that this might well be done by a system of return postcards.

With respect to the close of the discount period, it was recommended that the buyer be entitled to the discount if check is mailed not later than the last day of the discount period.

It was suggested that in order to avoid the possibility of misunderstanding as to the status of an individual shipment under a contract that it be stated that terms of contract apply on "each delivery hereunder."

Subsequent to the meeting the recommendations covering payment terms were formulated in condensed terms as follows:

Terms of payment on each delivery hereunder: At Seller's option, Cash less 2%, before delivery or Cash within 10 days after the date discount period commences, less 2%, if paid within such period.

Date discount period commences:

1. On deliveries from refinery by truck, the date discount period commences is the date of delivery to truck.

2. On deliveries from consignment, the date discount period commences is the date of withdrawal order.

3. On all-rail shipments and on all other shipments not otherwise provided for below, the date discount period commences is the date of arrival at destination.

3196 4. On combination rail and water shipments to Lake Michigan Ports and to territory west of the Indiana-Illinois state line, where the ruling freight basis is higher than the freight rate over the route used, date discount period commences is date of shipment.

5. On all-water shipments to Lake Ports west of Buffalo and on shipments moving via Mississippi Warrior Line or other Mississippi River barges to territory where the ruling freight basis is higher than the freight rate over the route used, date discount period commences is four (4) days after date of shipment.

Paragraph 3 applies to the "Rail & Lake" and Mississippi Warrior Barge Line selling area points from Buffalo and East, including New England, Trunk Line, and Southeastern territories.

Paragraph 4 applies to C. A. T. Line routings.

Paragraph 5 applies to Cleveland, Toledo, Detroit, and to Mississippi Warrior Barge shipments to all points where the barge rate is not the selling rate.

(Sgd.) W. W. PATTERSON, *Acting Secretary.*

3197 *Government Exhibit 420–V*

[Copy]

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y., November 20, 1928.

Memorandum

The following announcement has been suggested to correct the irregular practices at Charleston:

"Effective immediately all L. C. L. shipments out of Charleston stock when moved by rail will be billed at the base price plus the L. C. L. rail rate from Savannah. Brokers will be required to forward memo copy of bill of lading as evidence of shipment.

"Shipment made by motor trucks operating as common carriers will be billed on the basis of L. C. L. rail rate from Savannah and

equalization will be made only on presentation of original paid expense bill showing delivery made and freight paid at destination.

"Shipments made by privately operated motor trucks will be billed at the Charleston price plus service charge."

(Institute files.)

3198 *Government Exhibit 420–W*

SAVANNAH, GEORGIA, *December 18, 1928.*

H. H. PIKE & COMPANY, INC.,
91 Wall Street, New York, N. Y.
(Attention Mr. H. H. Pike, Jr.)

GENTLEMEN: In a conversation between Mr. John Helmken and Mr. Glenn Bond, of Lamborn & Company, on Saturday, December 15th, Mr. Helmken stated that he was handling the Hershey account in a few Florida markets in addition to his territory in Georgia. Mr. Helmken stated that he had not been advised that the Institute sanctioned trade consignments in South Carolina, North Carolina, and Georgia, only, and admitted that he had shipped sugars on the four-payment plan to Wilson at Quincy, Fla. This was handled through Mr. Helmken's subbroker, White, in Bainbridge, Georgia, and was evidently done in good faith.

I should appreciate your taking up the matter with Mr. Helmken as he seems to be unaware that Florida is a state where the four-payment plan is not permitted.

With personal regards,

Very truly yours,

(Signed) THOMAS OXNARD, *Sales Manager.*

CC: Mr. C. H. White, General Sales Manager, The American Sugar Refining Co., 117 Wall Street, New York, N. Y.

(Savannah files.)

3199 *Government Exhibit 420–X*

[Telegram]

NEW YORK, N. Y., *Jan. 5th, 1929—10:58 a. m.*

IMPERIAL SUGAR CO.,
Sugarland, Texas:

It's reported to domestic bureau that you are allowing transit time on sugars invoice Proforma and held for customers account Stop. They wish to be advised of your practice as their customers are demanding transit time allowance on sugars invoiced and held for them.

THE SUGAR INSTITUTE, INC.

(Imperial files.)

3200 *Government Exhibit 420–Y*

[Telegram]

SUGAR LAND, TEXAS,
Jan. 5, 1929.

The SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Wire date on sugars billed up and held warehouse Sugarland for customers account at expiration contract Imperial allows five days transit time and seven days discount period or total of twelve days same as if sugar had been shipped day contract expired Stop. Can see no difference this procedure than if sugar had been shipped at expiration contract.

W. T. ELDRIDGE.

(Imperial files.)

3201 *Government Exhibit 420–Z*

[Confirmation of telegram from Imperial Sugar Company, Sugar Land, Texas]

JAN. 7, 1929—2:10 p. m.

The SUGAR INSTITUTE,
129 Front Street, New York, N. Y.:

Wire date will discontinue immediately allowing five days transit time and seven days discount on sugars stored account customers expiration of contracts Stop. Please list this as one subject be discussed directors meeting seventeenth so uniform practice and understanding can be had and record made as to what all refiners will do.

W. T. ELDRIDGE.

(Imperial files.)

3202 *Government Exhibit 420–A1*

[Telegram]

NEW YORK, N. Y., *Jan. 7th, 1929.*

WM. T. ELDRIDGE,
Sugarland, Texas:

Allowance of transit time on sugars unwithdrawn at expiration contract appears like inducement to customers not to complete contract under certain market conditions, whereas Institute policy has been to tighten up on contract enforcement and to penalize nonwithdrawals so far as same is practicable Stop. Referring last sentence your wire, I believe important difference is that immediate shipment of sugar at expiration according to right reserved in contract discourages overbuying and encourages carrying out contract according to terms, whereas warehousing customers' sugar and allowance five days' additional theoretical transit time encourages overbuying and laxity in fullfilling contracts Stop. Understand that this allowance

is recent with you, and that neither Texas City nor New Orleans refiners have found it necessary to follow Stop. If we notify beet companies as per your wire, all will immediately break down to same level Stop. May I notify them that you are reconsidering at my request and will give final decision in few days.

THE SUGAR INSTITUTE, INC.

(Imperial files.)

3203 *Government Exhibit 420–B1*

[Telegram]

NEW YORK, N. Y., *Mar. 16, 1929.*

SAVANNAH SUGAR REFG. CORPN.,
Savannah, Ga.:

All New York and Philadelphia refiners have announced adoption uniform terms of payment and arrival as recommended by committee, effective March eighteenth.

12:22 p. m.

THE SUGAR INSTITUTE.

(Savannah files.)

3204 *Government Exhibit 420–C1*

[Telegram]

SAVANNAH, GA., *March 18, 1929.*

THE SUGAR INSTITUTE,
129 Front Street, New York, N. Y.:

Effective March eighteenth, Savannah has adopted uniform terms of payment and arrival as recommended by committee of Institute.

10 a. m.

SAVANNAH SUGAR REFINING CORPN.

(Savannah files.)

3205 *Government Exhibit 420–D–1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 25th, 1929.

Mr. WILLIAM HENDERSON,
Henderson Sugar Refinery, 749 South Peters Street,
New Orleans, La.

DEAR MR. HENDERSON: Pursuant to the verbal complaint you registered against Hershey's brokers upon the occasion of your last visit to the office, we have the following to report:

We immediately wrote to H. H. Pike & Co., advising that complaints had been registered by certain of our members against their practice of selling retail dealers, and also against their brokers' agreeing to repurchase their second-hand bags at 10 cents each.

In answer to the first question Mr. Hagedorn investigated, and later wrote us as follows:

"* * * Brokers in New Orleans were selling the retail trade. We took this up with them and they advise us that they do not sell the retail trade, but they do sell chain stores and a few semijobbers of whom all are on the list of every Broker in the city of New Orleans."

At a later date he brought his New Orleans representative—a Mr. Ziegler—to this office, and discussed with us the question of alleged unethical practices in second-hand bag traffic.

Mr. Ziegler explained that he had a market for second-hand bags for export shipment, and that he was anxious to secure these bags at a price of 10 cents, and that it was not possible in fact to secure the amount that he would like to purchase. He stated that
3206 he had initiated the practice on his own account without Hersheys' knowledge or consent, and justified it from two points of view: First, it was in his opinion a legitimate business transaction in all its ethical considerations; second, there existed a competitive necessity to do something to meet the Godchaux competition in the form of a special bag that could be used as a towel, and which was considered worth more than 10 cents by the purchaser.

He made a final confession, however, to the effect that we "would be surprised at the few returns that were made." He said in the last analysis it is only a talking point for salesmen, and he declared the same kind of a talking point is made by salesmen who play upon the local sympathy of the trade to sell cotton bags because cotton is a local product.

H. H. Pike & Co., have shown a very fine disposition toward Institute regulations at all times, and we believe it is the feeling of Judge Ballou that we should not ask them, in such matters as are involved in the question at issue, to place themselves at any disadvantage with their competitors, and thus alienate their interest and support in the more important considerations of the Institute.

Since this question has also come to us through Godchaux we are sending a copy of this letter to Mr. Moog.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(Henderson files.)

3207 *Government Exhibit 420–E1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 6, 1929.

ARBUCKLE BROTHERS,
111 Wall Street, New York, N. Y.
(Attention Mr. J. P. Cody.)

GENTLEMEN: In answer to your letter of April 30th transmitting certain inquiries from the Wilmington Brokerage Company, North Carolina, I beg to answer your questions as follows:

(1) Is it a violation of a rule of The Sugar Institute for brokers to deliver sugar by truck to the warehouse of the jobber at a consignment point, by which we mean to ask if it would be a violation for a broker to haul sugar from the Clyde Steamer to the jobber without charging him for the hauling?

This is a violation of the Code of Ethics condemning rebates or other allowances by any name or of any nature, and of the clause condemning special services to customers without appropriation therefor.

The foundation of the Institute is the declaration in its Code: "All discriminations between customers should be abolished." So far as allowances by refiners are concerned, this has been accomplished only to find that brokers by one device or another were carrying discriminations to the trade. These practices in whatever form they may take, the Institute is determined to root out.

(2) Is it a violation of a rule of the Sugar Institute to hold up billing for thirty days on delivery to a jobber?

This is a direct violation of that portion of the Code of Ethics condemning delayed billings.

(3) Is it a violation of a rule of the Sugar Institute for a broker to pay for space in a jobber's warehouse?

This is a violation of the Code and subject to the same observations as the answer to Question No. 1.

If you will request your correspondent to specify the brands of sugar upon which these discriminations are being granted, I will take the matter up at once with the refiners concerned. Documentary proof is not required.

3208 I would state, however, that your correspondent's statement, "We do not think that the jobbers would misrepresent what was being done for them" is not borne out by the experience of the Institute. Jobbers frequently misrepresent what is being done for them in hopes of inducing somebody else to give them discriminatory advantages.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Arbuckle files.)

3209 *Government Exhibit 420–F1*

MAY 10, 1929.

GEO. E. KEISER & CO.,
110 North Franklin Street, Chicago, Ill.
(Attention Mr. J. F. Dewar.)

GENTLEMEN: Apparently we have not replied to your letter of April 15 regarding the interpretation to be placed on the ruling of the Sugar Institute sent you on April 1 which refers to the switching of contracts.

We believe that this ruling will work a certain amount of hardships in some instances, but presumably this will be the exception rather than the rule, but, in any event, while the rule is in effect it will have to be consistently construed.

Under this ruling guarantee contracts will be accepted only for shipment to or delivery from consignment at points in our so-called guarantee territory, which includes the States of Minnesota, Wisconsin, Illinois, the Upper Peninsula of the State of Michigan, Gary and Hammond, Indiana, and other Indiana points in the Chicago Switching District. Buyers purchasing sugar under a guarantee contract will not be permitted under this ruling to resell the sugars at or for shipment to any point outside the so-called guarantee area. It is to be clearly understood by the buyer in advance that the basis of our accepting a price guarantee contract is that delivery is to be made only within the prescribed area which is to be incorporated in the terms of the contract either specifically or by reference.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.

(National files.)

3210 *Government Exhibit 420–G1*

MAY 17, 1929.

GEO. E. KEISER CO.,
Chicago, Ill.

GENTLEMEN: We are in receipt of your letter of the 15th in regard to buying sugars for a buyer located in a guaranteed territory where they have factories located in the East or nonguaranteed territory.

There has been no change in the ruling of the Institute; that is, that two separate contracts will have to be made, one for each territory, and so long as this ruling exists we will not be willing to make any exception.

Yours very truly,

THE NATIONAL SUGAR REFINING CO. OF N. J.

(National files.)

3211 *Government Exhibit 420–H1*

[Telegram]

NEW ORLEANS, LA., *August 1, 1929—9:53 p. m.*

CHARLES GODCHAUX,
Biltmore Hotel, New York, N. Y.:

Campbell Lind just advise development Chicago which materially interfering our spot stock business Stop. Great Lakes Transportation Corporation issued June fourteenth effective July nineteenth tariff whereby their rate from New York includes trucking sugar to *eight warehouses* scattered between north and south side Stop. Campbell advise that through collusion between company doing

trucking for Great Lakes Transportations and refiners' brokers,
sugar never arrives various warehouses but are delivered
3212 direct. Customer with drayage company collecting only one
to two cents per bag additional from customers as they receive
bulk of revenue from Great Lakes Corporation Stop. Suggest take up at Institute meeting because refiners permitting this are bringing about condition whereby those not having benefit Great Lakes tariff would have to make free store-door deliveries less than carloads Chicago Stop. Present situation is especially attractive buyers not on railroad tracks as any sugar buy from us compelled
have expense about thirty-six dollars per car for hauling.
3213 Whereas on eastern sugar with collusion above mentioned could
save about thirty dollars per car. This very important to our Chicago spot stock business.

J. Moog.

(Godchaux files.)

3214 *Government Exhibit 420–11*

SPRECKELS SUGAR CORPORATION,
82 Wall Street, New York, August 9, 1929.

Mr. CHARLES GODCHAUX,
Godchaux Sugars, Inc.,
1012 Masonic Temple Bldg., New Orleans, La.

DEAR SIR: This letter is in the nature of a Progress Report.

At the meeting of the Enforcement Committee yesterday, Mr. Place and I discussed Mr. Moog's telegram to you of August 1st. There are other angles to the Great Lakes Transit Corporation's new tariff than those mentioned in Mr. Moog's telegram and it would be very difficult for us to rectify the discrimination without getting a change in this tariff. We are enlisting the additional help of Mr. Ripley, who is now analyzing the exact wording of this new tariff.

In the meantime, I would like to submit my personal ideas for your criticism. At the present time, a carload buyer in Chicago can secure from the C. & H. a carload of sugar delivered on his spur track without delivery charge, and within a very short time after placing the order. This order is filled from transit stocks held in Mound, Ill. We believe that the same service can be also given by the New Orleans refiners who have the benefit of the differential rate by barge. Using this as a basis, the Eastern refiners should deliver to private spur in carload lots. Unfortunately, the Eastern refiners who ship by barge to Chicago have no transit point comparable with Mound, Ill. It is my thought that on stocks that we carry in Chicago, we should pay the intercity switching charge. This would mean that the car would arrive on a private siding and the free delivery would only apply to firms having private sidings. All deliveries by truck should be discontinued both by refiners and the Great Lakes Transit Corporation.

If this scheme meets with your general approval, I shall try very hard to accomplish the desired results.

With personal regards, I remain,

Yours very truly,

EDGAR H. STONE,
Vice President.

(Godchaux files.)

3215 *Government Exhibit 420–J1*

SPRECKELS SUGAR CORPORATION,
82 Wall Street, New York, August 19, 1929.

Mr. CHARLES GODCHAUX,
Godchaux Sugars, Inc.,
1012 Masonic Temple Bldg., New Orleans, La.

DEAR SIR: Supplementing my recent letter, the telegram addressed to you on August 1st, by Mr. J. Moog, was thoroughly discussed at the last meeting of the Enforcement Committee, and it was decided that *all refiners would stop assuming the cartage in Chicago*, which some of them are doing in order to equalize the delivery of New Orleans and Pacific coast refiners who are able to switch a car to buyer's spur by shipping from Mound, Ill. Hereafter we will only deliver to such buyers in carloads of 60,000 lbs., and which will have to be switched in a freight car from dock or warehouse in Chicago.

This leaves one more matter to be decided. We are making an effort to have the Great Lakes Transit Corporation withdraw their offer to assume cartage to so-called "constructive stations" in that city. We find, however, that the New York refiners are not using this line but that one of the Philadelphia refiners is using it, but only to a small extent. The Interstate Commerce Commission ruled on Thursday that "constructive stations", which are really fictitious terminals, are illegal in New York City, and they will undoubtedly rule the same way with regard to Chicago.

We trust that our efforts will result in the elimination of the delivery problem which occasioned your complaint.

Yours very truly,

EDGAR H. STONE,
Vice President.

(Godchaux files.)

3216 *Government Exhibit 420–K1*

AUGUST 21, 1929.

Mr. EDGAR H. STONE,
Vice President Spreckels Sugar Corporation,
82 Wall Street, New York, N. Y.

DEAR MR. STONE: I thank you for your letter of the 19th inst., from which I note that at the last meeting of the Enforcement Com-

mittee of the Institute it was agreed that the refiners would discontinue assuming cartage in Chicago, so as to equalize the delivery of New Orleans and Pacific Coast refiners.

I trust that your effort to have the Great Lakes Transit Corporation withdraw their offer to assume cartage will be successful, so as to further clarify the situation.

Thanking you for the trouble you have taken in clarifying this question of delivery, and with kindest regards, I remain,

Yours very truly,

President.

(Godchaux files.)

3217 *Government Exhibit 420–L1*

[Letterhead of Domestic Sugar Bureau, Chicago, Illinois]

NOVEMBER 2, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City, New York.

GENTLEMEN: Kindly advise the practice of your members regarding granting the buyer the use of unexpired paid storage and insurance.

This has reference to the Bureau Code of Ethics interpretation No. VII.

Yours very truly,

J. O. DOUGLAS,
Sec'y. Domestic Sugar Bureau.

3218 *Government Exhibit 420–M1*

NOVEMBER 5, 1928.

Mr. J. O. DOUGLAS,
Domestic Sugar Bureau,
120 South La Salle St., Chicago, Ill.

DEAR SIR: Replying to your letter of the 2nd inst., in which you wish to be advised as to the practice of our members regarding the granting of unexpired paid storage and insurance to buyers, will say that this matter has had further consideration by our Board.

It was unanimously decided that when stored sugars were sold in carload quantities the buyer is to be allowed two days in which to remove same—but under no circumstances is he to receive any free storage or insurance. It was understood that each refiner's broker or representative would notify the warehouse of the date of sale, and that after the expiration of the two days any storage or insurance would be for the account of the buyer.

It was pointed out that unless such practice was followed very religiously, there would be the equivalent of price concessions made to buyers in terms of unexpired paid storage and insurance. We shall be interested in learning of any violation of this understanding.

Very truly yours,

Mr. McGrath—2/12/32.

3219 *Government Exhibit 420–N1*

[Copy]

MARCH 12, 1929.

Mr. JAMES H. POST,
President National Sugar Refining Company,
129 Front Street, New York, N. Y.

MY DEAR MR. POST: Since the formation of the Institute I have endeavored to do some constructive work along the line of *uniform contract terms.* While convinced at an early stage that no agreement upon a uniform contract in its entirety would be possible, I have tried to make a start by standardizing some of the most important clauses in the contract.

On December 3rd last, under authorization of the Executive Committee, I called a meeting at which the Traffic Managers, Credit Managers, and in most cases the Sales Managers of the various refiners were represented. This meeting was for the purpose of recommending uniform terms as to discount, definition of arrival, and terms of payment on differential shipments.

As this meeting, as was to be expected, there was considerable diversity of opinion as to the clauses which would best cover the various points considered, but there was a general disposition to waive individual opinions in the interest of all concerned after argument and decision by the majority.

The minutes of that meeting of December 3rd were at once circulated among all refiners. At a second meeting on December 6th the minutes of the first meeting were read and further progress was made until a complete report of recommendations was arrived at. This report was again circulated among all the refiners concerned, and I so reported at the Directors' Meeting of December 14th, as shown by the minutes.

The matter was again brought up at the Directors' Meeting of January 17th, where a modification of barge shipment terms was made at the insistence of Mr. Moog, and the report modified accordingly. The report as so modified is set out in full in the minutes of the Directors' Meeting of January 17th.

3220 On January 18th the modified report of the operating committee was adopted, subject to the action of the Executive Committee in fixing a date when such change should become operative.

At the Directors' Meeting of February 14th the subject was again brought up and three other amendments were made. As thus amended, the proposed uniform terms are again set out in full in the minutes. It was then unanimously recommended that the above terms be made effective on and after March 1st, 1929.

At the Executive Committee Meeting of February 28th reference was again made to the matter and the members present signified their intention of making announcements in accordance with the vote of the Directors.

Announcements were accordingly made by American and Arbuckle. When the National's was issued, however, it was seen that they had made a complete change in the definition of "arrival at destination by water." This particular subject had been the subject of no discussion whatever, nor even mentioned since the first meeting of December 3rd. The definition as then agreed to was twice circulated among the refiners in December in mimeograph form and twice appeared in full in the minutes of the Directors' Meetings.

A last-minute change of this kind on a relatively unimportant subject completely nullifies the three months' effort to obtain uniform terms. Other refiners have notified me that they must withhold their announcements until this matter is cleared up.

Irrespective of the merits of the two definitions involved, I hope you will see your way clear to follow the one which was originally recommended by the conference of operating men, and which has been repeatedly approved and adopted by the Board of Directors and the Executive Committee.

Very truly yours,

Executive Secretary.

3221 *Government Exhibit 420–01*

[Letterhead of Arbuckle Brothers]

NEW YORK, *December 19, 1929.*

Sugar Sales Department.

Mr. FRED G. TAYLOR,
The Sugar Institute, Inc.,
129 Front Street, New York City.

DEAR SIR: We have a contract for 400 bags, dated November 20th, basis 5¢.

The broker has sent us some correspondence with the buyer, which indicates that the buyer placed the order with the broker on November 20th as a discretionary order and the broker sent it to us immediately.

There is no doubt that the broker erred in this instance for surely he or the buyer would not have purchased a thirty-day contract on November 20th. Therefore, I feel that we should concede to the buyer's wish to ship on December 28th.

I would appreciate having you bring this before the Enforcement Committee.

Yours very truly,

CODY,
J. P. CODY,
ARBUCKLE BROTHERS.

(Institute files.)

3222 *Government Exhibit 420–P1*

[Copy]

Concessions a/c error.

DECEMBER 18TH, 1929.

Mr. J. P. CODY,
Arbuckle Brothers, 71 Water Street, New York City.

DEAR MR. CODY: Replying to your note of the 19th, regarding the 30-day contract for 400 bags taken November 20th, will say that I did not receive this until after the adjournment of the Enforcement Committee.

The matter is, however, such an evident error that I assume responsibility for telling you that it will be quite all right to ship December 28th.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(Institute files.)

3223 *Government Exhibit 420–Q1*

[Copy]

PENNSYLVANIA SUGAR COMPANY,
Philadelphia, Pa., December 10th, 1930.

POST & BRADY,
No. 215 Oakes Street, SW., Grand Rapids, Michigan.

GENTLEMEN: We notice that invoice of November 21st in the amount $2,053.00 still remains outstanding, and as this invoice covers our initial transaction, we assume that there may be some misunderstanding regarding our terms.

Sugar is sold subject to terms of 2% seven (7) days; in other words, the billing is due for payment seven (7) days following the delivery of the sugar, less 2% discount. There is no net maturity period, 2% being in the nature of a trade discount. *These terms are uniform with all Sugar Refiners.*

The billing above referred to being now in order for payment, we will appreciate it if you will favor us with your check.

Yours very truly,

PENNSYLVANIA SUGAR COMPANY.

cc to W. H. Edgar & Son, Detroit.

3224 *Government Exhibit 420–R1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 7, 1929.

To Members of the Sugar Institute, Inc.

GENTLEMEN: We are in receipt of a letter referring to the practice of making *drop shipments* in New Orleans territory, a portion of which we quote herewith:

"We understand that the New Orleans refiners are making drop shipments in very small quantities as low as 5 bags, which naturally must hurt large jobbers, and besides, put a heavy burden and expense on the refineries.

"*We feel that concerted action should be taken to eliminate this nuisance*, and we would appreciate it very much if you would be kind enough to lend your efforts in this direction, as we consider the elimination of drop shipments as a considerable constructive step forward. We feel that the refiners should not be in the retail business, and to a certain extent should protect the larger jobbers, whose duty it is to distribute sugars in smaller quantities at a profit."

This matter is being referred to you for your consideration with a view to possibly finding some method whereby this condition could be eliminated.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(Henderson files.)

3225 *Government Exhibit 420–S1*

K. D. PIERSON,
86 East Michigan St., Milwaukee, Wisconsin, August 7, 1929.

PENNSYLVANIA SUGAR CO.,
Philadelphia, Pa.

(Attention of Mr. H. S. Weston.)

GENTLEMEN: Our very good friends the Carpenter-Cook Company have been operating a powdered-sugar mill and supplying their various branches with their private label 4X. We persuaded this company that they will save money by purchasing their 4X sugar directly from us.

They have decided to discontinue the operation of their mill. They still have about 50,000 labels as per attached which they would like to use up. Can't you arrange without any great cost to use these labels on 4X packages that we ship to this company?

Look into it and let us hear from you.

Yours truly,

K. D. PIERSON.

(Pennsylvania files.)

3226 *Government Exhibit 420–T1*

AUGUST 13th, 1929.

Mr. K. D. PIERSON,
86 East Michigan St., Milwaukee, Wisconsin.

DEAR SIR: We have your letter of the 7th in reference to the sugar business of the Carpenter-Cook Co.

Under other circumstances we gladly would have accommodated your buyer, but the *refiners recently decided not to pack any private-label goods*, and we are not in a position at the present time to take care of your friend.

Very truly yours,

PENNSYLVANIA SUGAR COMPANY.

Office Manager.

MWL:MGD.

(Pennsylvania files.)

3227 *Government Exhibit 420–U1*

[Telegram]

NEW YORK, N. Y., *Sep. 25, 1929—9:10 A. M.*

WM. HENDERSON,
Henderson Sugar Refinery,
749 South Peters St., New Orleans, La.:

It is the Institute's understanding that no four-payment plan business will be taken in Georgia on this move Stop. It is also our understanding that no five-forty business will be cleared through existing consignment points that are being withdrawn twenty-five days after last market move although any existing surpluses may be applied against them Stop. Please wire immediately any understanding to the contrary.

THE SUGAR INSTITUTE.

(Henderson files.)

3228 *Government Exhibit 420–V1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, November 29, 1929.

To Members of The Sugar Institute.

GENTLEMEN: At the time Northern Kentucky was withdrawn from trade consignment privilege, *it was intended* to withdraw *Pikeville*, Kentucky, as it is in a chain of competitive jobbing points that are very closely related to Ohio and West Virginia points. It is suggested that Pikeville be considered as withdrawn at once from the list of four-payment plan points and that you wire your acceptance of the withdrawal.

THE SUGAR INSTITUTE.

(Henderson files.)

3229 *Government Exhibit 420–W1*

[Copy of telegram—Day letter]

PHILADELPHIA, PA., *11–29–29.*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.:

Referring your wire today, provided such action unanimously agreed upon by Institute members, we shall not accept orders from Pikeville, Kentucky, under four-payment plan.

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.

(McCahan files.)

3230 *Government Exhibit 420–X1*

DECEMBER 2, 1929.

DEAR MR. TAYLOR: Referring to our letter of November 29th, enclosing confirmation copies No. R–6914 and S–4288 covering exchange of wires between the Institute and this office on that date, may I inquire as to the decision regarding the application of the four-payment plan in Pikeville, Ky.?

Yours sincerely,

LOUIS V. PLAÇÉ, Jr.
H. B.

Mr, FRED G. TAYLOR,
The Sugar Institute, Inc., New York, N. Y.

(Handwritten notation:) Mr. Fisher informed me over the phone today that Pikeville had been withdrawn from four-payment-plan territory. At the same time he advised me that Sullivan & Cromwell have frowned on our exchange of wires on 11/29 as laying ourselves open to prosecution by Dept. of Justice.

(McCahan files.)

3231 *Government Exhibit 420–Y1*

FEBRUARY 5TH, 1930.

Mr. B. O. SPRAGUE,
President Savannah Sugar Refining Co.,
Savannah, Georgia.

DEAR BENNY: I have just received your letter of February 3rd in regard to resale to Pearson Brothers at 5¢.

I immediately telephoned Mr. Weston to get in touch with North Carolina, and advise me as to the circumstances of the deal you mention, and just as soon as I get the information will write you further.

I suppose you will be up at the meeting next week. *Hell seems to be breaking loose in the West in regard to the extension of the forepayment plan and 3% discount.* The whole situation does not

look very cheerful to me. *Perhaps we will be able to get things ironed out at the meeting next week.*

With kindest regards, I am,

Yours sincerely,

WHH:MCG.

(Pennsylvania files.)

3232 *Government Exhibit 420–Z1*

MAR. 9TH, 1931.

TROUSDALE & WRIGHT, INC.,
Monroe, La.

DEAR SIRS: We would like nothing better than to get a start with Sims Who. Gro., but we simply cannot make a bill calling for less than a minimum of 40,000#.

The refiners outside of the Institute, like Hershey and Sterling, are making life miserable for us by taking advantage of these sort of reasonable regulations and shooting just enough away from them to keep terms muddled all the time, but if we start meeting them in one way, they wiggle into another before you can say Jack Robinson.

As a matter of fact, Godchaux was caught billing certain LCL items on four-payment plan, and it caused considerable uproar in the Institute. Godchaux was placed in a very ugly light, and we have no desire to get tarred with the same stick.

By the way, has the Ritchie branch started using Sterling sugar?

Yours truly,

WM. HENDERSON.

(Henderson files.)

3233 *Government Exhibit 420–A2*

MAY 4TH, 1931.

J. E. TOMLIN & Co.,
Albany, Ga.

DEAR SIRS: About that matter of giving Deferred Payment Plan on invoices covering less than carload, we already had Godchaux on the pan for same thing some few months back where we caught him dead to rights. They made all sorts of apologies about clerks in billing department being under misunderstanding and all kinds of humbug like that, but the fact remained their head people gave us an unequivocal promise to see it did not happen again. Without using any names I had no hesitation in calling up Bertonniere this morning on the subject, and he said he was sure no such thing had happened but would personally investigate and advise me a little later on as to whether anybody in his organization made a slip. We will call him back later if he does not call us and see what he finds out.

3234 Yours truly,

WM. HENDERSON.

3235 *Government Exhibit 420–B2*

(Hand-written notations:) No customer in Las Vegas or East Las Vegas.

Never have shipped sugar into either town.

KIRBY.

6/21/29.
C. H. N.

3236 *Government Exhibit 420–C2*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, June 20, 1929.

Mr. CHARLES H. WHITE, Jr.,
The American Sugar Refining Company,
117 Wall Street, New York, N. Y.

MY DEAR MR. WHITE: We are in receipt of a letter from the Domestic Sugar Bureau stating it has been informed that some refiner is using split billing terms in Las Vegas, New Mexico.

Since our records of the deliveries by states show that you either make deliveries or have at some time made deliveries in New Mexico, we are referring this matter to you for any information you can give us on the subject.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(American files.)

3237 *Government Exhibit 420–D2*

JUNE 21, 1929.

Judge SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR JUDGE BALLOU: In reply to your letter of June 20th in which you refer to a letter from the Domestic Sugar Bureau with respect to some refiner using split billing terms in Las Vegas, New Mexico, we take pleasure in advising that we have not used split billing terms on any shipments to this point.

Very truly yours,

General Sales Manager.

CHW.JR:AK.
(American files.)

3238 *Government Exhibit 420–E2*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 12, 1929.

AMERICAN SUGAR REFINING CO.,
117 Wall Street, New York, N. Y.

GENTLEMEN: Competitive practices justifying split billing sixty thousand pound cars in Texas have ceased as to all points except El Paso. *Institute members* will therefore discontinue such split billing at so-called adjacent points.

THE SUGAR INSTITUTE.

(American files.)

3239 *Government Exhibit 420–F2*

[Letterhead of The Sugar Institute, Inc., New York]

129 FRONT STREET, *September 20, 1929.*

To All Members of the Sugar Institute:

Subject: Split Billing.

GENTLEMEN: Effective September 1st, 1929, the carload minimum from the Pacific Coast was reduced from 80,000 pounds to 60,000 pounds. There is therefore no longer "an 80,000-pound minimum and rate" as referred to in the Institute's Code of Ethics.

Under these circumstances, members are *authorized to meet the competition on split billing as stated in the announcements of various members of the Domestic Sugar Bureau.*

It is recommended that the announcement of the California & Hawaiian, dated September 11, 1929, and circulated by the Sugar Institute under date of September 20, 1929, be taken as the authoritative statement of present terms and conditions by those desirous of meeting these split billing terms.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Institute files.)

3240 *Government Exhibit 420–G2*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 20, 1931.

Mr. J. MOOG,
Godchaux Sugars, Inc.,
120 Wall Street, New York City.

MY DEAR MR. MOOG: We have been informed by one of our members that you have recently applied the four-payment plan to a shipment to *Cynthiana, Kentucky.* Cynthiana being north of the Louisville-Lexington line is not covered by your announcement of the *four-payment plan territory.*

Will you kindly ascertain whether or not you have accepted any business in Cynthiana recently on the four-payment plan?

Very truly yours,

EVAN FISHER,
Office Manager.

(Godchaux files.)

3241 *Government Exhibit 420–H2*

FEBRUARY 24, 1931.

Mr. J. A. BERTONIERE,
New Orleans Office.

DEAR JOHN: The Sugar Institute advises that we have made a shipment to Cynthiana, Kentucky, which is north of the Louisville-Lexington line, and have applied the four-payment plan to such shipment. Will you please advise.

Very truly yours,

J. MOOG.

(Godchaux files.)

3242 *Government Exhibit 420–I2*

GODCHAUX SUGARS, INC.,
New Orleans, Feb. 26, 1931.

Mr. J. MOOG,
New York City.

Cynthiana, Ky.

DEAR MR. MOOG: Replying to your letter of the 24th, we have only one customer at the above point. Our last sale to them was on July 15th, 1930, terms covering which shipment were 2% 7 days after arrival.

From what you write, we have undoubtedly been losing business because someone else is giving the four-payment plan terms.

While on the subject, it would seem to me that since there are only two or three jobbing points north of the Louisville-Lexington line, the jobbers in which territory are competing with Lexington, that the whole State of Kentucky should be placed on the four-payment basis. It would seem that the Ohio River would be a better dividing line than the present arbitrary dividing line.

What are your views?

Yours very truly,

JOHN.

JAB:LM.
(Godchaux files.)

3243 *Government Exhibit 420–J2*

FEBRUARY 28, 1931.

Mr. EVAN FISHER,
The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

In re: Your File No. M–489

DEAR MR. FISHER: Replying to your letter of February 20th in reference to the application of the Four Payment Plan to a shipment of sugar to Cynthiana, Kentucky, we are not allowing the Four Payment Plan north of the Louisville-Lexington Line, but it would appear to us that someone else is, because the last sale we made to Cynthiana, Kentucky, was on July 15, 1930, at which time the shipment was made with terms 2% 7 days after arrival.

Your letter, therefore, gives rise to the thought in our mind that we lost this business since last July because someone else gave customers at that point the Four Payment terms.

I would, therefore, like to ask that your circularize all members doing business in Kentucky north of the Louisville-Lexington line and ask them for a commitment on this question.

I will look forward to receiving advice as to the clearance you obtain thereon.

Very truly yours,

J. MOOG.

(Godchaux files.)

3244 *Government Exhibit 420–K2*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, March 4, 1931.

Mr. J. MOOG,
Godchaux Sugars, Inc.,
120 Wall Street, New York City.

MY DEAR MR. MOOG: In reply to your letter of February 28th regarding the application of the four-payment plan at Cynthiana, Ky., one of our members states that he is positive that there was a car of your sugar in Cynthiana somewhere between the first and fifteenth of February. Having in mind the error made by your Sales Department regarding a similar case at Morehead, Ky., we would appreciate it if you will look into this matter a little further, as the complaining member is very insistent that the car was there.

Regarding the circulating of other members, this has already been done, and we have been advised by National that a new broker of theirs promised a customer a four-payment plan shipment at Cynthiana, and that the car went through and was invoiced seven days after arrival. The customer, however, having been promised four-payment plan terms by the broker, proceeded to pay for the car in weekly installments. For some reason or other, National's

Accounting Department did not call this to the attention of the Sales Department, and it was not caught until our letter brought it to their attention. *National has reprimanded the broker and has assured us this will not happen again.*

Very truly yours,

EVAN FISHER,
Office Manager.

(Godchaux files.)

3245 *Government Exhibit 420–L2*

APRIL 2, 1931.

THE SUGAR INSTITUTE,
129 Front Street, New York, N. Y.
(Attention Mr. F. W. Gaensly.)

GENTLEMEN: Replying further to your letter of March 4th, in reference to the Four-Payment Plan being applied to shipments to Cynthiana, Kentucky, I advised you under date of February 28th that the last shipment we made to Cynthiana, Kentucky, was July 15th last, at which time the shipment was made 2% 7 days after arrival.

In your letter you state that the complaining party feels sure there was a car of sugar shipped to Cynthiana sometime between the 1st and 15th of February.

I beg to advise you that our Ledger Records do not show any shipments of sugar to Cynthiana since the date above mentioned.

Very truly yours,

J. Mooa

(Godchaux files.)

3246 *Government Exhibit 420–M2*

SEAVEY & FLARSHEIM BROKERAGE CO.,
New Orleans, La., August 26th, 1930.

Mr. THOMAS OXNARD,
Vice President Savannah Sugar Refining Corporation,
Savannah, Ga.

DEAR TOMMY: This has reference to the matter covered in your letter of August 19th, which we discussed over telephone in the hope that we might accomplish a revision in *our terms effecting the deferred-payment plan now in practice in all of the southern states, excluding Louisiana, Mississippi, and Arkansas.*

First of all I suggested to all parties interested the compromise offer of allowing you to continue your present plan of operation in the states of Georgia, North and South Carolina, and at the same time included American, inasmuch as they were in a similar position to yours.

The scheme worked all right until we arranged a meeting in my office, which was attended by representatives of Colonial, Godchaux, Henderson, and American. The difficulty came about in American's unwillingness to change the terms at all, except with the understanding that the plan would be made general, which, of course, would mean taking in the states of Georgia, South and North Carolina.

As the matter now stands, we are divided in our opinions, and, of course, nothing can be accomplished until we have had time to discuss the matter generally at the next Southern Committee
3247 Meeting, which will be held about the middle of September.

Harry Barkerding held out for what is known as the jobbers consignment plan, which would practically mean continuing the deferred-payment terms that we are trying to get away from, while, on the other hand, Messrs. Wogan, Bertoniere, Many, and I were of the opinion that we should continue what is known as the four-payment plan, which permits buyers taking sugar during dull periods in the market. However, on contract sugars entered at a definite price four of us were of the belief that there existed no further need for carrying the buyer on an extended credit plan, and, therefore, that these sugars should become due and payable seven days after shipment, regardless of when they were shipped during the contract period, and so this is the way the matter stands at the present time, Barkerding believing his superiors would not be agreeable to discontinuing the privilege of buyers remitting in deferred payments for sugars entered on firm orders, this scheme being known as the jobbing consignment plan.

This résumé will serve to inform you of what has taken place, and all of us would very much appreciate your giving some thought to a plan that might be agreeable to all concerned, and so, if you will be prepared to discuss the matter at the meeting forthcoming, as well as endeavor to make it a point to attend, I am sure it will be appreciated.

With kind regards, I am,

Yours very truly,

SEAVEY & FLARSHEIM BROKERAGE COMPANY.

(Savannah files.)

3248 — *Government Exhibit 420–N2*

[Telegram]

NEW YORK, N. Y., *Dec. 10, 1929—12:25 p. m.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

Notice one Savannah announces opening business December ninth. They discontinued their trade consignment plan in Mississippi and Indiana.

THE SUGAR INSTITUTE.

(Revere files.)

3249 *Government Exhibit 420–O2*

[Telegram]

NEW YORK, N. Y., *Dec. 10, 1929—1:30 p. m.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

Notice two Pennsylvania announces effective immediately have discontinued trade consignment plan in Indiana.

THE SUGAR INSTITUTE.

(Revere files.)

3250 *Government Exhibit 420–P2*

[Telegram]

NEW YORK, N. Y., *Dec. 10, 1929—3:40 p. m.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

Notice three American announces effective immediately will discontinue jobbers' consignment four-payment plan in Indiana and Mississippi.

THE SUGAR INSTITUTE.

(Revere files.)

3251 *Government Exhibit 420–Q2*

[Telegram]

NEW YORK, N. Y., *Dec. 10, 1929—5:05 p. m.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

Notice four Henderson announces, effective immediately, discontinuing trade consignment plan in Mississippi and Indiana.

THE SUGAR INSTITUTE.

5:16 p. m.
(Revere files.)

3252 *Government Exhibit 420–R2*

[Telegram]

NEW YORK, N. Y., *Dec. 11, 1929—10:27 a. m.*

H. E. WORCESTER,
Boston, Mass.:

Notice five McCahan announced yesterday, effective immediately, Indiana withdrawn from territory to which they will make shipments under four-payment plan. National announces, effective immediately, withdraw four-payment plan consignments in Indiana.

THE SUGAR INSTITUTE.

10:31 a. m.
(Revere files.)

3253 *Government Exhibit 420–S2*

[Telegram]

NEW YORK, N. Y., *Dec. 11, 1929—10: 46 a. m.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.

Notice one Savannah announces, effective immediately, has withdrawn its trade consignment plan at Memphis, Tennessee.

THE SUGAR INSTITUTE.

10:55 a. m.
(Revere files.)

3254 *Government Exhibit 420–T2*

[Telegram]

NEW YORK, N. Y., *December 11, 1929—11: 30 a. m.*

H. E. WORCESTER,
Boston, Mass.:

Notice six Godchaux announces effective immediately discontinuing trade consignment plan entire States Mississippi, Indiana, notice two Godchaux discontinuing trade consignment Memphis, Tennessee, as they consider unnecessary there account established consignment market.

THE SUGAR INSTITUTE.

11:55 a. m.
(Revere files.)

3255 *Government Exhibit 420–U2*

[Telegram]

NEW YORK, N. Y., *Dec. 11, 1929—12: 17 p. m.*

H. E. WORCESTER,
Boston, Mass.:

Notice seven colonial announces withdrawal trade consignments Mississippi and Indiana effective immediately. Spreckles announces discontinuance trade consignments in State Indiana effective immediately. Notice three Colonial announces effective immediately withdrawal trade consignments at Memphis, Tennessee.

THE SUGAR INSTITUTE.

12:35 p. m.
(Revere files.)

3256 *Government Exhibit 420–V2*

[Telegram]

NEW YORK, N. Y., *Dec. 11, 1929—2:28 p. m.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

Notice four Henderson has withdrawn trade consignment plan Memphis, Tennessee, effective immediately.

THE SUGAR INSTITUTE.

2:34 p. m.
(Revere files.)

3257 *Government Exhibit 420–W2*

[Telegram]

NEW YORK, N. Y., *Dec. 11, 1929—4:36 p. m.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.

Notice five effective immediately American discontinuing four-payment plan Memphis, Tennessee Stop. Effective immediately McCahan discontinuing four-payment plan in Tennessee west of but including Knoxville.

512 p. m.

THE SUGAR INSTITUTE.

(Revere files.)

3258 *Government Exhibit 420–X2*

THE NATIONAL SUGAR REFG. CO. OF N. J.,
129 Front Street Office, February 18th, 1930.

Mr. C. D. BRUYN,

Subject: Competitive sales conditions in Metropolitan District.

We have, as you know, found for months past difficult competitive conditions in this market which are absolutely contrary to the rulings of the Sugar Institute and which, operating under said rulings, we are unable to meet.

Such conditions are taking business from us in ever-increasing quantities and it is absolutely essential, if we are to maintain and build our Package Sugar business, that such unethical practices which our competitors are using be either definitely stopped or we be permitted to meet same.

It is not unreasonable to expect hard, clean competition.

When we started our present advertising and selling campaign, this market was practically dominated by one package Sugar, namely "Domino", and we were constantly met on all sides by requests from distributors for some inducement in price in return for their cooperation. This we steadfastly refused to consider and through the efficiency of our advertising and the hardest kind of sales work have increased our business on JACK FROST Sugars.

Now, with Domino Sugars established and JACK FROST building a wide distribution, the Spreckel's Sugar Corporation come into the market with the Spreckel's package and in a comparatively short space of time have key distributors practically forcing their trade to take Spreckel's package Sugars and these distributors are *building up a big Spreckel's package Sugar distribution by offering these Sugars at a price under that which no distributor can offer JACK FROST Sugars based on the announced market price.*

It is unreasonable to believe that distributors who absolutely refused to handle JACK FROST Sugars, except as we make the business for them, would find Spreckel's Sugars so much more saleable that they could afford to push Spreckel's packages practically 100%.

This cooperation was offered to us on one condition and that was that we pay for it.

3259 From reports made to me by our salesmen I am convinced that we have four definite conditions to meet:

1st. Secret rebates or other price-cutting arrangements.

2nd. Cartage allowances.

3rd. Drop shipments.

4th. Direct sales.

And in the solution we face a serious problem.

Domino Sugars are established and the American Sugar Refining Co. can better afford to ride this situation out than can we, and, frankly, I believe they would welcome our taking up the battle with the Spreckel's Sugar Corporation in the open, as it would entrench them (The American Sugar Refining Co.) all the more firmly in their distribution. On the other hand, if we are forced into the open and succeed in stopping the unethical practices now used by the Spreckel's Sugar Corporation, we will weaken our position with the trade by being considered the one refinery that championed the cause of the Sugar Institute and took from them (the trade) what they considered valuable privileges.

Unquestionably such deals as has been reported to you by Mr. Ortega as being made by the Spreckel's Sugar Corporation would be sufficient to obtain any chain-store buyer's entire business, and it is my opinion that the reason this has not happened is that the production facilities of the Spreckel's Sugar Co. Corp. is not such that they could handle this chain-store business and they can better build distribution through jobber-retail channels.

With the above facts before you, I respectfully ask a definite ruling on the four conditions above mentioned to the effect—

1st. That the Sugar Institute demand from the Spreckel's Sugar Corp. an admission of the existence of secret rebates or price concessions and their unqualified discontinuance of same in any form.

3260 2nd. That all schemes tending toward cartage allowances throughout outside arrangements or otherwise be first explained and then discontinued.

3rd. We be allowed to make drop shipments where the business warrants same.

4th. That we be allowed to make direct sales in quantities of less-than-truckload requirements.

Respectfully yours,

A. D. S. PALMER.

(National files.)

3261 *Government Exhibit 420–Y2*

[Telegram]

NEW ORLEANS, LA., *April 4, 1930—11:37 a. m.*

THOS. A. OXNARD,
Care Savannah Sugar Refg. Co., Savannah, Ga.:

As it seems impossible to get tangled switching proposition straightened out in *Miami* for sometime to come *New Orleans refiners have agreed to meet Hershey competition by using bonded draymen under* same conditions as before namely delivery only to buyers warehouse from dock Stop. We shall further require drayment to furnish delivery receipt showing bill actually covered drayage charged for.

WM. HENDERSON.

(Savannah files.)

3262 *Government Exhibit 420–Z2*

SAVANNAH, GEORGIA, *April 12th, 1930.*

PAY CASH GROCERY COMPANY,
Knoxville, Tennessee.

GENTLEMEN: We thank you for your letter of April 10th; however, Institute members are unable to participate in *cooperative advertising.* Due to the fact that it was rumored that in certain instances some refiners had been using this means to make rebates, the Institute, with a view to eliminating rebates made in this way, promptly made a regulation preventing all cooperative advertising. If it were not for this we would be pleased to participate in your program.

Yours very truly,

SAVANNAH SUGAR REFINING CORPORATION,
E. P. ANDERSON, *Ass't. Sales Manager.*

(Savannah files.)

3263 *Government Exhibit 420–A3*

APRIL 11th, 1930.

HARMAN & HULSEY,
Tampa, Fla.

DEAR SIRS: On April 7th we wrote you in regard to an erroneous deduction of discount amounting to $6.95 made by Quinby. Today we received another check in payment of invoice of March 13th and they deduct $3.47. The check is dated the 25th, mailed on the 9th,

and received by us today. We certainly cannot allow this discount and will appreciate your obtaining check for the $6.95 and $3.47, a total of $10.42.

Be sure that they discount future bills within seven days of date of delivery as we are bound by a Code of Ethics with the Sugar Institute and cannot deviate from these terms.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3264 *Government Exhibit 420–B3*

APRIL 14TH, 1930.

SCHUSTER COMMISSION CO.,
El Paso, Tex.

DEAR SIRS: In our letter of April 7th we explained how the Grocers & Bakers Specialty Co. were due us $41.13 discount deducted by them to which they were not entitled and protest fees and telegram amounting to $2.91. We received check for the $2.91 but must insist that you obtain another for the difference amounting to $38.22 covering discount deducted by them to which they were not entitled. *We are bound by a code with the Sugar Institute not to allow discount unless the bills are paid within the discount period, i. e., 7 days after date of arrival.* As they failed to do this and gave us no end of trouble on account of check returned NSF it is imperative that we obtain the discount and it is up to you to get the check.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3265 *Government Exhibit 420–C3*

APRIL 23, 1930.

J. M. SPRINGER CO.,
24 California Street, San Francisco, California.

GENTLEMEN: Because of the fact that your letter of April 4th brings up a situation which has several unusual angles to it, we have taken a considerable amount of time to analyze the proposition, as we want to work with you just as far as possible. After numerous discussions among the various executives of the company and after reviewing the *CODE OF ETHICS* of the Sugar Institute, we regret very much to inform you that *we have no choice in the matter* and that it will not be possible for us to permit you to handle the Woolworth business in the manner outlined in your letter. This is by reason of the fact that the *CODE OF ETHICS* very definitely prohibits any refiner from selling its product to a broker and invoicing him for it.

We regret very much that we will not be able to handle this business as you suggested and hope that the decision will not work

any great hardship on you. If you cannot afford to handle the one and two case orders from Woolworth on the brokerage which we pay, we will both of us have to pass up these small orders and be satisfied with those orders which you can secure in five-container lots,

Please do not feel that we fail to appreciate the efforts which you have made to build up the Woolworth business, and if there were any way in which we could consistently handle it in the manner which you suggest, we would be glad to do so, but as we have already said, we have no choice in the matter.

Yours very truly,

THE NATIONAL SUGAR REFINING CO. OF N. J.

(National files.)

3266 *Government Exhibit 420–D3*

MAY 13, 1930.

GEORGE E. KEISER,
Milwaukee, Wis.
(Attention Mr. W. H. Hoffmann.)

GENTLEMEN: We have received from your office at various times letters requesting us when paying invoices for storage to send same to your office.

As I have explained before, this is entirely *contrary to the Rules of the Sugar Institute* and we must ask that you create a system of some kind which will eliminate the necessity of our sending checks through your office. Invoices of all kinds are given our prompt attention upon receipt.

We trust that you will see our reason for not sending payments to your office. Thanking you for your cooperation, we remain,

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.

(National files.)

3267 *Government Exhibit 420–E3*

[Florida situation]

The following statement of conditions in regard to the Florida situation was referred by the Southern Committee to the Executive Committee. After some discussion the Committee referred the question to the Board of Directors:

Excerpt from Southern Committee Meeting Minutes of July 14

The Southern Committee of the Sugar Institute is dissatisfied with the lack of action on the part of the Directors on the situation in Tampa and Miami, particularly as regards the competition of Hershey.

In Miami, Hershey allows 5¢ handling charge on carloads placed at customer's warehouse. In points outside of Miami and West Palm Beach it is reported that Hershey bills on rail prepaid basis, making delivery at Miami and allowing buyers drayage to equalize freight involved. This amounts to virtually a concession in price on such items as are delivered by buyers in Miami itself or points intermediate to buyer's own warehouse.

In Tampa investigation shows Hershey bills out-of-town customers at rail delivered basis and allows customers freight, even though hauled by buyer's trucks. This permits the grave abuse of delivery in Tampa and intermediate points, where again the freight becomes virtually a concession in price.

The Southern Committee urges a conference with Hershey with a view to discontinuing policies which amount to rebating buyers.

In discussing this matter the Committee pointed out that one of two courses is open: Hershey competition must either be ignored, met, or Hershey invited to join the Institute.

(Henderson files.)

3268 *Government Exhibit 420–F3*

SAVANNAH SUGAR REFINING CORPORATION,
Savannah, Ga., June 12, 1930.

Mr. J. MANY,
c/o Wm. Henderson,
749 South Peters St., New Orleans, La.

DEAR MANY: We have received several reports that Henderson has for some time past been using the four-payment plan in Indiana. We have authority from the P. N. Curl Grocery Company to use their name, and we have heard of this from other jobbers whom we are not at liberty to mention.

Will you please look into the matter and advise us whether you are following this procedure.

Sincerely yours,

THOMAS OXNARD,
Vice President.

(Henderson files.)

3269 *Government Exhibit 420–G3*

JUNE 14TH, 1930.

Mr. THOS. A. OXNARD,
The Savannah Sugar Refg. Corp.,
Savannah, Ga.

DEAR MR. OXNARD: There is no doubt you have —— the wrong on that matter of Curl at New Albany. When we wired Lewis & Culp, Louisville, about the special terms a couple of weeks ago, guarantee, etc., we did not specifically limit them to Kentucky territory and

when the Curl item came through along with some others it just naturally got by and was confirmed. *That is positively the only one that is out of line and I sincerely regret the oversight that occasioned it.* You need not fear of any further trouble in that direction.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3270 *Government Exhibit 420–H3*

OCTOBER 13TH, 1930.

NAFF-HOSKINS CO., INC.,
Miami, Fla.

DEAR SIRS: The Sugar Institute is still telling us to be patient with Hershey although they claim that in New York they are doing what they can to hold them somewhat in line. Personally, I do not think their efforts are worth shooting on the ground for right here in New Orleans they have split brokerage, *sold sugar on 90-day contracts*, and traded on so-called damaged sugar at a ridiculous concession in price. The Institute refiners are dead sure, however, that the Tariff Committee will revise the refined tariff upward and are staking everything on that fight which takes place in New York some time in the next few months. Mighty cold comfort for us and you too as it is now we are suffering and need the help.

All the information you had given us was carefully presented to the Institute but the other refiners still thought the best best was to saw wood and work on the tariff.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3271 *Government Exhibit 420–I3*

THE AMERICAN SUGAR REFINING COMPANY,
Baltimore, Maryland, October 17, 1930.

C/C: Mr. WHITE.

DEAR MR. SYER: Some time ago we advised you over the telephone regarding a letter which you wrote to one of your customers instructing him to pay an invoice covering the purchase of some resale sugars direct to us.

We are in receipt of a letter from Mr. White, wherein he states that your letter has caused the New York office considerable embarrassment. You very definitely violated the Code of Ethics, which is very explicit in the matter of *reselling* sugars. We wish to refer you to Code Interpretations, Section 8, page 1, which covers this matter. You will note from this code interpretation that *in the case of second-hand sugar, the sugar should, without exception, be invoiced to the original buyer.* It is assumed, of course, that the person to whom

the sugar is invoiced should pay the bill. If this was not required, there would be no necessity for rendering the original buyer the bill—it might just as well be rendered to the second buyer.

To have a letter from one of our brokers in the hands of a New York broker specifically directing the second-hand buyer to send check to us direct is certainly very embarrassing to us. We want to impress upon you the necessity for strictly adhering to the Code rulings.

Yours very truly,

Sales Manager.

JAM:MFC.
(American files.)

3272 *Government Exhibit 420–J3*

NOVEMBER 7, 1930.

MR. FRED G. TAYLOR,
The Sugar Institute, Inc.,
129 Front Street, New York City.

DEAR MR. TAYLOR: We have been advised that the Great Western Sugar Company will accept payment from the second buyer in resale transactions, which is contrary to the general practice on the part of Institute members.

We have rigidly followed the Code of Ethics in the matter of resale transactions, *in every instance* billing sugar to the original purchaser on all resales and insisting upon the original purchaser paying the invoices, refusing to accept payment from the second buyer.

We believe that other Institute members are also following this procedure, and we shall greatly appreciate your communicating with the Domestic Sugar Bureau in an effort to find out if it is a fact that one of its members is not in accord in this matter.

Yours very truly,

General Sales Manager.

CHW.JR:NC.
(American files.)

Government Exhibit 420–L3

MARCH 5TH, 1931.

CASH GROCERY & SALES COMPANY,
Baton Rouge, La.

DEAR SIRS: It is a sure thing we don't want to penalize you for using Henderson sugar and in view of the competition-freight truck service by which you can get Godchaux and Colonial sugars at 10¢ delivered your store we have made arrangements with Bradford to handle carload ordered out by you on the 3d, bringing the freight

all the way to your own warehouse. On the invoice which will be billed F. O. B. New Orleans we are simply adding freight at 10¢, so that our sugar now gets into complete competition with the other refiners.

We are sorry we cannot go along with you by allowing you yourselves the equalization, but one of the 57 different rules of the Sugar Institute prevents that particular method of handling. We have no doubt that if you talk right to the drayman who is to handle the shipment that any round lot can be delivered to some other point within the city limits besides your own warehouse.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3274 *Government Exhibit 420–M3*

MAY 8TH, 1931.

Mr. THOS. OXNARD, V. P.
Savannah Sugar Refg. Corp., Savannah, Ga.

DEAR TOM: Not being very good about answering letters myself, I do not want to hurry you unduly about second paragraph in my letter of the 29th but would appreciate your reply at your earliest convenience.

What I wanted to know was whether we should pay *drayage from consignment stock* in Jacksonville to railroad on LCL shipments moving to small buyers in other points. The Institute announcement does not seem to cover that point.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3275 *Government Exhibit 420–N3*

[Telegram]

NOVEMBER 5, 1928.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORPORATION,
215 Market Street, San Francisco, Calif.:

Relative to American's practices in Arkansas and Texas, as shown by file which I examined in Chicago, have been investigated by head office here with result that your statements have been supported on both grounds. American promises *apologies* and peremptory *instructions to New Orleans and Texas City to desist* Stop. American state that there was only one instance of resale to another jobber, which seems likely in view of the fact that while I gave them only general charge, suppressing all names and places, Texas City after investigation reported back the same instance that was the subject

of your complaint. Will give further explanations so far as they are material to Mr. Campiglia next week. Please be satisfied for the present that the *riot act has been read in no uncertain terms to the local managers affected.*

THE SUGAR INSTITUTE,
SIDNEY BALLOU.

(Institute files.)

3276 *Government Exhibit 420–03*

[Copy for Mr. Abbott]

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 12, 1929.

Mr. J. MOOG,
Godchaux Sugars, 1012 Masonic Temple Bldg.,
New Orleans, La.

MY DEAR MR. MOOG: At the meeting of the Enforcement Committee yesterday there was considerable discussion of your letter of July 3rd with reference to your custom in small cities of Missouri and Illinois where there are no public warehouses, of storing sugar with people who otherwise deal in sugar while you do not sell sugar to these particular parties. This matter came up in connection with the Nowell Wholesale Grocery Company, of Columbia, Mo., but, as indicated by your letter, the question is a broader one than this particular instance.

The unanimous opinion of the members of the Enforcement Committee was that this practice was not in accordance with the Code of Ethics and that it would almost inevitably lead to discrimination. Some of the arguments advanced were as follows:

1. That the phrase "storage of sugar in customers' warehouses" was understood by those who participated in the drawing of the Code of Ethics to mean customers in the sense of buyers of sugar and not merely the customer of the particular refiner who might be doing the storing. Reference was made to the fact that some of the original drafts spoke of "buyers' warehouses", and that while our attorney thought the word "customer" would be better it was not intended to change the meaning.

2. That whatever the ambiguity which might have led to a liberal construction of the words "customers' warehouses" in the first year of the Institute, the experience of that year as reflected in our recent resolutions showed that stricter construction was necessary and had been adopted.

In the matter of payment of brokerage, for example, the resolution of May 2nd prohibits it to anyone interested in the business of warehousing sugar or of merchandising sugar. I have had frequent occasion to explain that this does not mean the warehousing of sugar

upon which the brokerage is paid nor the merchandising of sugar upon which the brokerage is paid, but means the warehousing or merchandising of any sugar whatever.

In the same way the resolution regarding the storage of sugar in brokers' or customers' warehouses, etc., has been given a like
3277 construction. Neither the broker nor the customer has been able to escape the force of this resolution by claiming that he is not interested in the particular sugar which was in question.

3. Rulings and applications along this line have been numerous and are believed to cover the case presented by your practice. Storage in Ronne's warehouse in Chicago was not permitted, even though Ronne promised that he would not draw any sugar therefrom. The same ruling has recently been made in regard to Larkin's warehouse in Buffalo, where Larkin & Company stated that their storage was solely for the convenience of other wholesale grocers and that Larkin & Company neither did nor would draw sugar from that warehouse. The Edgar situation in Detroit is somewhat similar.

So far as the analogous situation of the connection between broker and merchant is concerned, the Quinby situation in which the broker acted in an entirely different territory from that in which his merchandising business was situated, is familiar to you. In the light of all these rulings the Committee did not feel that the Nowell Grocery Company, for example, should be allowed to receive payment for the storage of sugar merely because it did not receive its supplies from its own warehouse nor because the refiner storing in this warehouse did not have this particular grocery on i[illegible] customers.

4. If the rule were established in accordance with your present practice, it would mean that a refiner could store with a wholesaler in any city and then sell sugar to those who might otherwise deal with the wholesaler. The effect of this would be that the wholesaler would be getting the storage on sugar which is usually more than he earns by buying and reselling.

5. Another ready source of discrimination would appear as soon as more than one refiner adopted the practice in the same town. Refiner A stores with Jobber M and sells to everyone else in the city except M. Refiner B stores with Jobber N and sells to everyone else in the city, including N. The discriminatory advantage enjoyed by these two jobbers is apparent, to say nothing of the opportunity for them to swap deliveries so as to avoid even the trucking expense from each other's places of business.

The conclusion of the Committee, therefore, was that such practice should be discontinued. Realizing, however, that *you have been doing this with full notice to the Institute* for some time, this de-

cision was not intended to be final until you had such opportunity to present your further views as you might desire and such time as was reasonably necessary for you to adjust your business.

3278 I should be glad to have your views on the matter and suggest that the whole question be brought up for final decision at the Directors' Meeting of August 1st.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(American files.)

3279 *Government Exhibit 421*

[Copy of Postal Telegraph]

AUGUST 13, 1929.

TEXAS SUGAR REFINING COMPANY,
Texas City, Texas:

Enforcement Committee notes with regret your disregard of your pledge to adopt as your policy contract enforcement recommended by Institute Stop. Your refusal to specify bags of fine on all orders not voluntarily withdrawn by buyers and also to give shipping preference to such orders may result in the general breaking down of one of the most constructive policies recommended by the Institute.

ENFORCEMENT COMMITTEE.

Mr. McGrath—2/15/32.

3280 *Government Exhibit 421-A*

[Copy of Western Union]

TEXAS CITY, TEX., *Aug. 13, 1929—7:02 p. m.*

ENFORCEMENT COMMITTEE,
The Sugar Institute, 129 Front St., New York, N. Y.:

Telegram received. Please withdraw your statement of our disregarding our pledge, because we are carrying out to letter our pledge given August first and second meetings, but we cannot feel pledged to any subsequent action when we are not present in connection with such resolution as August eighth, which absolutely impracticable in our territory and not being followed by our competitors. We will clean up our five-cent contracts as fast as we can ship them, in conformity with our pledge August first and second.

H. B. MOORE.

Mr. McGrath—2/15/32.

3281 *Government Exhibit 421–B*

[Copy—Telegram]

AUGUST 14, 1929.

Colonel H. P. MOORE,
Texas Sugar Refining Co., Texas City, Texas:

Enforcement committee authorizes me to express regret that you have taken offense at language of their telegram.

FRED G. TAYLOR.

3282 *Government Exhibit 422–A*

[Copy]

JUNE 3RD, 1929.

SPRECKELS SUGAR CORPORATION,
82 Wall Street, New York, N. Y.

GENTLEMEN: For your information I am enclosing a copy of the Minutes of the *Directors' Meeting* of the Sugar Institute and expect to send you copies of the Directors' and *Executive Committee* minutes until further notice.

As you are doubtless aware, *recommendations* of the Institute are made only upon the unanimous recommendation of the representatives of its members. In the great majority of cases no constructive recommendation could be put in force unless the members were satisfied that such unanimity prevailed. Otherwise the concurring refiners would feel that they were at a disadvantage in comparison with the nonconcurring refiners.

As we are for the present without the benefit of your counsel at the Directors' Meetings, I can only secure the assent of your company to proposed constructive measures by correspondence. With this in view, I ask your particular attention to the recommendations in the enclosed Minutes under the head of "Warehouses" and "Diversion of Shipments", and would appreciate your assurance that these recommendations will be adopted by you in common with the members of the Institute.

Very truly yours,

Executive Secretary.

SB: BMF.
(Institute files.)

3283 *Government Exhibit 423*

(Letterhead of Fair and Martin, Inc.)

ATLANTA, GEORGIA, *October 26, 1929.*

SOUTHERN CONSIGNMENT COMMITTEE OF THE SUGAR INSTITUTE,
129 Front Street, New York, N. Y.

GENTLEMEN: We respectfully ask that our warehouse at #2 Washington Street, Atlanta, Georgia, be approved as a bona fide warehouse for refined sugar.

We are not interested in selling sugar either as merchants or in a brokerage way.

Our warehouse is centrally located, easily accessible to a majority of the jobbing and manufacturing trade with a very low rate of insurance, together with the capacity of handling five to six cars per day.

For our standing in the community we refer you to Messrs. H. H. Pike & Company, Inc., 91 Wall Street, New York.

Thanking you in advance for giving our application consideration, we beg to remain,

Yours very truly,

FAIR & MARTIN, INC.,
N. E. MARTIN.

3284 *Government Exhibit 423–A*

[Copy]

OCTOBER 29, 1929.

FAIR & MARTIN, INC.,
Atlanta Joint Terminal Building, Atlanta, Georgia.

GENTLEMEN: We have received your letter of October 26th asking for recognition as a warehouse for the storage of sugar.

The Institute of itself cannot recommend any warehouse for the storage of sugar. It can only take the recommendations of its members. In deciding on warehouses to be recommended in Southern territory, the Institute asks each of its members to send it a list of the warehouses which they believe to be bona fide public warehouses.

As your firm was not so recommended, it was not included in the list which we compiled from the recommendations of our members. If you desire a sugar-storage account, your only course is to have some refiner recommend your warehouse to the Institute, at which time we will be very glad to conduct our usual investigation, and if nothing is found which is contrary to the Institute's Resolution of May second, a copy of which I enclose herewith, your firm will be placed upon our approved list.

While the Institute cannot recommend a warehouse, it can and will disqualify any warehouse which is proved to be violating any of the clauses of the enclosed Resolution.

Very truly yours,

Executive Vice Secretary.

ETF:C.

3285 *Government Exhibit 423–B*

[Copy]

H. H. PIKE & Co., INC.,
91 Wall Street, New York, November 8, 1929.

THE SUGAR INSTITUTE,
129 Front Street, New York, N. Y.
(Atten. Southern Consignment Committee.)

GENTLEMEN: Fair & Martin, Inc., were formerly our brokers and warehousemen, but they no longer represent us as brokers or warehousemen, and state that they do not expect to have a sugar account as brokers.

They have a splendid warehouse located in the Atlanta Joint Terminals, and we have found them to be excellent handlers of refined sugar. They are centrally located and could give us splendid service as warehousemen. Our experience in the past leads us to believe that we cannot get satisfactory service from a public warehouseman in that vicinity of the city, and we would like very much to use the warehouse of Fair & Martin for the storage of refined sugar in Atlanta. Of course, we cannot do this without the approval of your Committee.

We formally make application to use Fair & Martin as warehousemen, and will appreciate your advice if this will be permitted under your rules.

Yours truly,

H. H. PIKE & COMPANY, INC.

3286 *Government Exhibit 423–C*

[Copy]

NOVEMBER 9, 1929.

H. H. PIKE & COMPANY,
91 Wall Street, New York, N. Y.
(Attention Mr. Perry.)

GENTLEMEN: Replying to your letter of November 8th, in which you make formal application for the Institute's approval of the use of the warehouse of Fair & Martin at Atlanta, we suggest the following procedure:

1. Make such examination of this company as to convince yourselves that it is in every respect an independent public warehouse that is in no way affiliated with buyers or brokers of sugar.

2. Notify the Institute that you have made such investigation and believe the facts to be as stated, and that you are giving us formal 48-hour notice of your intention to open this new warehouse account.

The only hazard attaching to this procedure is that, should someone register a *complaint* after you have started to use it and an investigation proved that some affiliation did exist, *it would be necessary to withdraw.*

We thank you for this evidence of your cooperation.

Very truly yours,

Executive Vice Secretary.

FGT:BMF.

3287 *Government Exhibit 424*

Exhibit 424 (filed with the Clerk of the Supreme Court in lieu of printing) is an announcement by Western to Meinrath Brokerage Co., dated May 3, 1929, identical with Exhibit 391.

3288 *Government Exhibit 424–A*

WESTERN SUGAR REFINERY,
2 Pine Street, San Francisco, May 9, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.:

Meinrath Brokerage Company with headquarters Chicago signify their intention to us of operating exclusively as brokers Stop. Impossible for us insist our other brokers make election as they are operating in territories in which sugars of members Domestic Sugar Bureau are preponderant Stop. We feel positive all of these other brokers operate exclusively as brokers not purchasers or warehousemen.

WESTERN SUGAR REFINERY.

3280 *Government Exhibit 424–B*

Exhibit 424–B (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from National to its brokers, dated May 2, 1929, identical with Exhibit 391.

3281a *Government Exhibit 424–C*

Exhibit 424–C (filed with the Clerk of the Supreme Court in lieu of printing) is a telegram from National to Edgar, dated May 4, 1929, identical with Exhibit 391–UUUU.

3282a *Government Exhibit 424–D*

[Copy]

PICKERELL & CRAIG CO., INC.,
Louisville, Ky., May 3, 1929.

LAMBORN & CO.,
132 Front St., New York, N. Y.

GENTLEMEN: We have just wired you in reply to your telegram date as follows and now beg to confirm:

"Your wire date creates situation of such vast importance to us necessary we consider from various angles before we can intelligently determine our position Writing."

The recommendation of the Institute, which you advise has been unanimously adopted by the refiners, creates a situation so far as we are concerned of such importance that we are in a quandary as to what course we should pursue. We are not unmindful of the unethical practices on the part of some brokers that have evidently influenced the Institute to take steps to correct. However, it is difficult for us to believe that refiners who have received for a great many years loyal support such as we have rendered would ignore this character of service to the extent of concurring in a recommendation that is so manifestly discriminatory.

We own and operate, as you know, one of the most complete warehousing plants in the country and our public storage business entirely independent of the merchandise handled for manufacturers who we represent on a brokerage basis constitutes fully 65% of our warehousing and distributing business. There is, therefore, no earthly reason why we should be classified as a broker's warehouse. We have an investment in warehouses of over a quarter of a million dollars and to say to us that we must divert business created through our efforts to our competitors is penalizing loyalty. We are also mindful of our business standing in this community and it of course would be a definite direct reflection upon our dependability to execute orders of our principals should a ruling of this kind prevail.

We are in a different position than the broker who rents warehouse space and handles merchandise of his principals only. He would not be so vitally effected. We are in an entirely different class. We store and distribute as a public warehouse more food products than any other storage concern in Louisville of manufacturers who have no brokerage connection whatsoever with us, and these manu-
3283a facturers are among the largest in the country. We have outstanding negotiable warehouse receipts covering collateral merchandise held by us of the value of approximately half a million dollars. Therefore, if we do not come under the head of a public warehouse, then I don't know the definition of the word.

I certainly feel that before the Institute made recommendations such as outlined by you in your wire, reputable brokers with large investments in their plants doing a general warehouse business should

have had a hearing. Our interests are mutual and our relationship as a recognized economical cog in the wheel of distribution of sugars should be cooperative rather than destructive.

We have received direct notice from the Savannah Sugar Refining Corporation only, and I would like to have you say to our refinery friends in New York that before forcing me in a position of having to determine the reconstruction of the business that we have labored diligently to establish, we are entitled to a hearing and I would like to have you arrange for a personal interview, feeling confident that there is some way that an adjustment can be effected that will conserve the interests of all concerned.

Yours very truly,

PICKRELL & CRAIG CO., INC.
(S) OTIS W. PICKRELL.

(National files.)

3284a *Government Exhibit 424–E*

MAY 6TH, 1929.

THE J. E. ENGLISH COMPANY,
Paducah, Kentucky.

DEAR MR. ENGLISH: Replying to your letter of May 3rd, with reference to new change in brokers' status, Lamborn & Co.'s representative, O. P. Leigh, will have to either discontinue being a broker or discontinue being a warehouseman. *This same situation will apply to all representatives of all companies.*

I believe you will agree with me that this is an outstanding move on the part of the Sugar Institute toward placing the merchandising of sugar on an ethical basis, as it prevents some of those unethical brokers having their own warehouse from using their brokerage fees as a means of obtaining business.

Will be pleased to have you keep us advised of the developments in your market on this question.

Yours very truly,

Senior Vice Pres.

JM:LM.
(Godchaux files.)

3285a *Government Exhibit 425*

[Telegram]

SEPTEMBER 6, 1928.

Address as per attached list:

To clear apparent misunderstanding, *five-cent service* charge recently announced is intended to apply to all *less carload deliveries* from consignment, including ex-team track and ex-dock deliveries, from free storage.

THE SUGAR INSTITUTE.

(Institute files.)

3286a *Government Exhibit 425–A*

LAMBORN & COMPANY, INC.,
Savannah, Georgia, Sept. 15th, 1928.

To the Trade.

Sugar Market

GENTLEMEN:

At the suggestion of the Sugar Institute, Inc., refiners, including the Savannah Refinery, have announced that, effective September 17th, they will place a *charge of 5¢ per hundred* pounds on all less-than-carload withdrawals from consigned stocks maintained in brokers' warehouses or public warehouses.

Yours very truly,

LAMBORN & COMPANY, INC.

SAVANNAH, GA.

(American files.)

3287a *Government Exhibit 425–B*

OCTOBER 5, 1928.

MR. GEORGE E. KEISER,
Milwaukee, Wis.

DEAR SIRS: Today we were informed by The Sugar Institute, Inc., that reports were being received by them to the effect that certain refiners or their representatives were not living up *strictly to the letter and the spirit of the Institute's ruling on the question of the consignment service charge.*

It has been claimed to the Institute that, in certain markets, the *buyer has been permitted to visit* the warehouse and draw L C L quantities of sugar each day over a period of 3 or 4 days until the total quantity drawn has reached the recognized minimum carload amount. Such a practice is not to be countenanced.

Furthermore, it has been intimated to the Institute that in certain markets *refiners* or their representatives *have permitted* two or more buyers to group their withdrawals in such a way as to represent that a carload quantity has been withdrawn thereby avoiding the service charge which should have been rightfully assessed.

We have assured the office of the Institute that such practices have not been indulged in by any of our representatives, and simply take this means of advising you of our action. Will you be good enough to confirm to us in writing the assurance which we have that you are not engaging in any such practices as these?

Yours very truly,

THE W. J. MCCAHAN SUGAR REF. & MOL. CO.,
WM. O. STANTON, *Asst. Vice President.*

(McCahan files.)

3288a *Government Exhibit 425–C*

GEO. E. KEISER,
288 East Water St., Milwaukee, Wis., Oct. 10, 1928.

THE W. J. MCCAHAN SUGAR REFG. & MOLASSES CO.,
Philadelphia, Pa.

GENTLEMEN: We have to acknowledge your letter of the 5th in reference to reports being received by the Sugar Institute to the effect that certain refiners and their representatives are not living up to the Institute's ruling on the question of the consignment service charge, and we wish to advise that we are not engaging in the practices mentioned.

Yours very truly,

GEO. E. KEISER,
Per W. HOFFMANN.

(McCahan files.)

3289a *Government Exhibit 425–D*

COLONIAL SUGARS COMPANY,
WHITNEY-CENTRAL BUILDING, NEW ORLEANS, LA.,
November 12, 1928.

COLONIAL SUGARS COMPANY,
136 Front Street, New York, N. Y.
(Attention Mr. Newman.)

GENTLEMEN: Enclosed find copy of letter November 10th from Watson Brokerage Company, Mobile, relative to Henderson's broker manipulating invoices for LCL deliveries so as to avoid the 5¢ service charge against customers. We feel that this is a matter which should be brought to the attention of the Institute.

Yours very truly,

COLONIAL SUGARS COMPANY,
C. N. WOGAN, *General Agent.*

(Colonial files.)

3290a *Government Exhibit 425–E*

NOVEMBER 12, 1928.

TRI-STATE BROKERAGE COMPANY,
107 W. Lewis Street, Fort Wayne, Ind.

DEAR SIRS: We were very surprised to note from your letter of November 7th that a few of your buyers have alleged that certain refiners are not in all cases applying the *5¢ service charge* on less-than-carload deliveries from consigned stocks. Needless to say, we shall be very glad to have any further facts which you may be able to obtain on the subject. You can appreciate the fact that in order for us to pursue any irregularities such as these with the Sugar Institute, we must first have definite and specific facts to present for

investigation. However, we believe there must be some mistake, since it is our firm understanding that all refiners and their representatives are living up to both the wording and the spirit of the "Code of Ethics" of the Institute and to the recommendations of that organization.

Thanking you for having informed us concerning this matter, and trusting that you will keep us closely posted on all future developments, we are,

Yours very truly,

N. CROCK.
H. B.

(McCahan files.)

3291 *Government Exhibit 426*

[Copy]

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, November 4, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.
(Attention of Mr. Taylor.)

DEAR SIRS: In the matter of the resolution of the Board of Directors, disqualifying Pavey & Company, brokers of The Franklin Sugar Refining Company, Springfield, Illinois, because of apparent affiliation with Bunn & Humphreys:

I requested The Franklin Sugar Refining Company to forward to Pavey & Company a copy of the report of Proudfoot Chinal & Co., Inc., which was the basis of the action taken by the Enforcement Committee and the Directors. As a result of this company's examination of this memorandum, I received a long detailed answer to each of the claims, as well as certain supporting affidavits. The purport of these is to show that there is no affiliation as between Pavey & Company and Bunn & Humphreys. Request is made for reconsideration of this matter principally upon the ground that the Institute's investigator did not confer either with Pavey & Company or Bunn & Humphreys in connection with the examination. This is not the first time we have experienced similar action on the part of our investigators. *I have stated in open meeting, several times, that I think it is unfair for our investigators not to consult the parties who are under investigation and make a report as to their position when the other facts are given to us.*

Notwithstanding the answer of Pavey & Company, I am not prepared yet to ask for a reopening of this case, and I am undertaking a further investigation to clear up certain matters before I should feel warranted in asking the Institute to take this action. I am simply bringing this matter to your attention and sending a copy of this letter to the other members of the Enforcement Committee, in order that they may know that it has not been finally settled and that it may be before them again.

Of course I have instructed The Franklin Sugar Refining
3292 Company that pending the final disposition of this case they are to withhold payment of any brokerage to Pavey & Company.

Very truly yours,

J. F. ABBOTT.

(McCahan files.)

3293 *Government Exhibit 427*

[Telegram]

BLUFFTON, IND., *Jul. 22, 1930—5:18 p. m.*

CHAS. H. WHITE, Jr.,
Care American Sugar Refg. Co.,
120 Wall St., Fx New York, N. Y.:

Have received notice of two cars American sugar shipped to Bluffton, whereas instructions were for shipment to ourselves, Fort Wayne, Indiana. Unless sugar is shipped in accordance with our instructions shipment will be refused on arrival.

THE BLUFFTON GROCERY CO.

(American files.)

3294 *Government Exhibit 427–A*

[Telegram]

NEW YORK, *July 23, 1930.*

THE BLUFFTON GROCERY CO.,
Bluffton, Indiana:

Sugars referred to your wire twenty-second were shipped in accordance with instructions furnished by *your brokers.* We must insist upon your accepting delivery.

C. H. WHITE, JR.

(American files.)

3295 *Government Exhibit 427–B*

THE BLUFFTON GROCERY COMPANY,
724 West Cherry St., Bluffton, Indiana, July 30, 1930.

AMERICAN SUGAR REFINING CO.,
129 Wall St., New York, N. Y.

(Attention: Mr. Chas. H. White, Jr.)

DEAR SIR: On July 23, we received your wire in answer to our wire of July 22, with reference to the two cars 400 bags each, American sugar your company shipped us July 20.

For your information, Mr. White, I have checked into this matter through Mr. Thomas of the Thomas Brokerage Company, in which he has proven to my satisfaction that my shipping instructions were furnished your company promptly and before the sugar was shipped

by yourselves. Your telegram states shipment was made in accordance with instructions furnished by my broker. I am of the opinion you were mistaken in your advice.

I personally call on some of the trade in Fort Wayne, Indiana, and had sold the two cars of sugar in that city; however, through the efforts of Mr. Thomas of the Thomas Brokerage Company, we were successful in diverting the sugar to Fort Wayne with considerable unnecessary expense.

In the past I have favored your company with a portion of my sugar business, of which is small and possibly of not much importance to you or your company. However, regardless of the amount of business, my instructions are of the utmost importance to ourselves.

It may be that I am mistaken in the thought that you have refused to act in accordance with the instructions furnished you by Lamborn & Co., and until I am advised differently regarding your action and the reason for your refusal, I will take care of my sugar requirements with some other refiner.

Yours very truly,

THE BLUFFTON GROCERY CO.,
P. E. PAINTER.

(American files.)

3296 *Government Exhibit 427–C*

AUGUST 1, 1930.

BLUFFTON GROCERY COMPANY,
Bluffton, Indiana.

DEAR SIRS: In connection with our recent exchange of communications regarding furnishing specifications for and shipment of sugar called for in contract entered with you on June 16th, we wish to assure you that it was not our disposition to take any arbitrary action in this matter and if you were caused any inconvenience, we are truly sorry, and it will be our pleasure to look for an opportunity to make amends.

Our mutual friends, Lamborn & Company, Inc., thru whom you booked this contract with us, have just called our attention to the fact that our reply to you might leave the impression in your mind that they failed to carry out your instructions in requesting us to change the destination from Bluffton to Fort Wayne. If this is the case, we hasten to advise you that these gentlemen did offer us *change in destination.* However, we *were not able to accept this, in view of the fact that we have subscribed to the Code of Ethics, which provides that change in destination,* when requested after the expiration of the 30th day from date of contract, *can only be honored if the consignee in question operates a legitimate branch at the new destination.* When this change in specifications was offered to us we inquired of Lamborn & Company if you operated a branch at Fort

Wayne and were advised that you did not; however, you desired the sugar delivered to Fort Wayne because of the fact that you had a sale for it in this market.

We should have been more than glad to honor your request if these instructions had not existed. We are quite sure you can appreciate
our position in the matter and that you would not want us
3297 to do something exactly contrary to the Code of Ethics
with which we have committed ourselves to comply.

With best wishes,

Sincerely yours,

General Sales Manager.

CHW.JR:NC.
(American files.)

3298 *Government Exhibit 428*

[Letterhead of Godchaux Sugars, Inc.]

NEW ORLEANS, *January 21, 1928.*

Mr. JAMES H. POST,
National Sugar Refining Co.,
129 Front St., New York City.

DEAR MR. POST: I beg to acknowledge receipt of the following wires from you:

1. 2 P. M.—"Telegram received. Have sent copy to each director. Doubt if can secure meeting Committee on Ethics until Monday or Tuesday, when I will telegraph you their recommendations."

2. 3:27 P. M.—"Executive committee recommends that no contracts be taken from anybody for delivery beyond thirty days."

These being in reply to my wire of January 19th, reading as follows:

"Wiring you by reason your being chairman Committee on Ethics. Stop. Ethics pertaining to basis of sales to manufacturers generally discussed but no decision reached. Stop. Canners' Association meets Chicago next week. Stop. In past, customary brokers during meeting solicit sugar business from canners for delivery during canning season, enabling canners know prices to govern their costs of pack and, therefore, their opening prices canned vegetables, et cetera. Stop. If no discussion this question since last meeting, would suggest same be immediately discussed by eastern members' committee on ethics. Stop. You undoubtedly recall section six of code originally contemplated special contract for sales manufacturers but wording for special reasons was eliminated. Stop. Appreciate hearing from you, as believe advisable now for refiners to publicly announce prices and terms applicable to sales to manufacturers."

I am very sorry to see the action taken by the Executive Committee, for the reason that I feel that we must continue in the sugar industry, as in any other industry, to give some thought to the prob-

lems of others, and especially to the problems of the consuming public, which we are trying to serve.

3299 It just happens that I am personally in a position to view this question from the side of the consumer, in this case, the manufacturer. For many years I was the executive in charge of the largest group of corn and pea canneries operating in the middle-west, and included in this group, was one of the largest units of manufacturers for the preserving of fruits.

I therefore know that from the manufacturer's side, it is positively necessary that he be placed in a position to fix definitely his cost on sugar, so that his business may be operated on a nonspeculative basis. In this type of manufacturing business, it is customary for the packers to issue a price list far in advance of the contemplated date of the delivery of the merchandise. In the corn and pea canning industry, contracts are made about this time of the year with the farmers for their supplies of corn and peas; contracts are also made with the can people and the box people for supplies of cans and boxes, and, as advised you in the above-quoted telegram, it has been usual also about this time of the year, or shortly thereafter, for the corn and pea canners to contract for their supply of sugar.

Therefore, with these known factors in their hands, they issue what is known as the opening price of corn and peas for each year, for delivery as packed at these prices. In preserving, sugar represents approximately 50% of the finished product. Many of the preserve manufacturers put up private label preserves for the jobbers. They send their representatives out in Michigan and contract with the growers for berries and other small fruits, and based on these prices, along with the definitely known prices on sugar, they enter into their long-time contracts, but even in cases where they do not enter into long-time contracts, they issue price lists based on the cost of their year's pack.

It therefore appeals to me that we in the sugar industry, where we are trying to avoid, in accordance with our ethics, the speculative element by not giving options, etc., should not force upon another large industry the speculation as to what the cost of a great part of their raw material will be when they come to use same, by limiting them to buying only on 30-day contracts.

It might be said that these manufacturers could handle the situation as we would do in the sugar industry, were we to sell them for future delivery, namely, by buying sugar on the option market, but these companies in the pea, corn, and preserving manufacturing, are not, as a rule, sufficiently large to be in the position that we refiners are, namely, to trade on the option market.

3300 It therefore, in my opinion, becomes a situation where we, as refiners, would be simply using a tool which we have provided for ourselves for future trading—namely, the option market—in naming a firm price on sugars for manufacturers.

As far as our company is concerned, we would be perfectly willing, provided it met with the views of the Institute, to publicly announce that we would sell sugar to manufacturers only for shipment in unprinted bags at 310 points on the option market of the month specified for delivery at the time of the acceptance of the order. Thus, if a man specified a certain amount of sugar for July or August, we would, on the date of the acceptance of his order, fix the price of that sugar at 310 points on the July option. You understand that this would mean that the buyer would buy his sugar at a firm established price at the time the refiner would enter the order. It does not mean that the price would be established at 310 points on the July options when the order was shipped.

The reason that I suggest plain bags is so the manufacturer would not be in a position to re-merchandise this sugar under the refiner's brand in general competition with refined sugar coming into the market at the time of delivery.

There may be other methods of handling this matter more desirable than the one which I suggest, but I certainly trust that the Institute will give consideration to the problem of one of their best customers, namely, the manufacturers.

It is not clear to me from your wires whether you still intend to take the matter up with the Committee on Ethics, or whether you intend to be governed by the views of the Executive Committee. If the latter, I trust that we will have a Directors' Meeting some time during February, so that I can bring this question up for discussion by the Directors, as I believe it is one vital to our sugar industry.

Very truly yours,

J. MOOG.

3301 *Government Exhibit 428–A*

[Telegram]

[Sent copy to all-Directors & to Mr. Ballou & Zabriskie, except Mr. Moog]

JANUARY 25, 1928.

J. MOOG,

Godchaux Sugars, Inc., New Orleans, La.:

Yours of twenty-first referred to ethics committee and will report to executive committee next week consensus of opinion that should add 5 cents per hundred for each month delay over thirty days if to manufacturers would probably be necessary to give same terms to all buyers.

JAMES H. POST, *Chairman.*

Charge National Sugar Refining Co. of N. J.

3302 *Government Exhibit 428–B*

[Copy of telegram]

SAN FRANCISCO, CALIF., *Jan. 25, 1928.*

JAMES H. POST,
National Sugar Refining Co.,
129 Front St., New York, N. Y.:

With reference Moog's telegram our practice has been to enter contracts for extended deliveries beyond thirty days to canners only not manufacturers in California, Oregon, Washington, with no price guarantee, our experience being that sugars covered by such contracts can be confined strictly for canning purposes Stop. Pending full discussion and decision of Institute, we should prefer that continuation of this practice be sanctioned so far as Pacific Coast is concerned for this year's pack, fearing unfavorable reaction to too many radical changes affecting trade Stop. Have never offered long-term or special price contracts to general manufacturing trade and do not favor such action at this time due difficulty in controlling ultimate disposition sugars so booked, because of relationship that exists in many instances between wholesale distributors and manufacturers which presents possibility sugars originally purchased for manufacturing needs being diverted other channels.

CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPN.

3303 *Government Exhibit 428–C*

[Copy]

FEBRUARY 15, 1928.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORPORATION,
215 Market Street, San Francisco, Calif.

GENTLEMEN: At the last meeting of the Directors of the Sugar Institute, there was a lengthy discussion as to contracts providing for withdrawal in excess of 30 days, at the close of which it was unanimously agreed to recommend that the present trade custom of contracts not to exceed 30 days' withdrawal should be continued without exceptions.

Knowing the conditions on the Pacific Coast, where Canner's contracts have been in vogue, I realize that this will appear to cut out a customary exception, and I should, therefore, like to explain somewhat fully the necessity for this action.

You will realize, of course, that the Institute is facing tremendous pressure from that portion of the trade who are reluctant to give up special privileges enjoyed in the past, and who, therefore, are looking for every opportunity to break down the present solid front of strict adherence to the Code of Ethics. In several minor instances, such as local free drop load deliveries, where we have endeavored to preserve an existing custom, we have found ourselves in all sorts of difficulties.

If contracts in excess of 30 days are to be allowed, the first question arose as to whom they should be allowed. I know that on the Pacific Coast you have successfully confined the exception to Canners, and have ignored occasional protests from other manufacturers who claim the same privilege. As a nation-wide proposition, particularly when other manufacturers have had the same privilege in the past, it did not seem possible to maintain this line of distinction. If we once extend the privilege to manufacturers in general, you know the practical difficulties, to say nothing of the legal difficulties, of drawing the line between them and wholesale grocers. This stage of the discussion, therefore, soon resolved itself into a determination that any such contracts must be open to all on the same terms.

It is further apparent that the business of all refiners, with the exception of the C. & H., is the selling of refined sugars against the purchase of raws, and that trade custom, based on the promedio
3304 system of Cuba, establishes the practice of buying 30 days ahead. Under any circumstances it is unthinkable that a refiner would sell refined sugar for delivery over an extended period in excess of 30 days without covering his sale with a purchase of raws, as otherwise he would be taking the entire risk of the market for the benefit of his customer, and in effect, speculating for the latter's benefit.

If he first covers his sale of refined, either on the Exchange or as forward purchases, he is faced with carrying charges which should be reflected in the price of such delayed deliveries. Hence it has been the custom, except on the Pacific Coast, to charge 5 cents a month as a carrying charge or to add the same to the price of such delayed deliveries.

A committee of the Institute, appointed to consider this question, recommended that delayed-delivery contracts be allowed, subject to a carrying charge after the first 30 days of 10 cents per hundred pounds for the first month, 5 cents for the second period, and 3 cents for each subsequent period. When this was first proposed it was very favorably received. As soon as the practical details were discussed, however, the opportunities for confusion became apparent. It soon became necessary to distinguish between contracts beginning immediately and contracts beginning at some future date. Further practical difficulties arose as between the application of 30-day periods and calendar months.

The final and decisive objection, however, was the development of the fact that no such system of fixed carrying charges could be devised which could not be beaten by operations on the Exchange undertaken by the customer. Whether such carrying charges were high or low, they would never be quite in line with futures, and would therefore afford limitless opportunity for speculation. The fact that the selling transaction was in refined sugar, while operations on the Exchange are in raws, afforded still further opportunity for the in-

genious speculator to back his judgment as to whether the refiner's margin existing at any time was too high or too low. The more the subject was discussed the more intricate the problem appeared, until finally, as above stated, the recommendation was made that no exceptions to customary 30-day contracts should be made.

Only two of the members expressed themselves as still unconvinced that some system of carrying charges could not be worked out, and these stated that they would vote with the decisive majority in the interests of unanimity.

3305 I feel that this lengthy explanation is due to those refiners who have announced their intention to conform to the practices of the Institute but who, through nonrepresentation at the meeting, did not have the benefit of the extended discussion.

Very truly yours,

Executive Secretary.

SB: BMF.

3306 *Government Exhibit 428–D*

[Copy]

MARCH 1ST, 1928.

HERSHEY SUGAR CORPORATION,
Hershey, Pennsylvania.

GENTLEMEN: The matter of making sales contracts calling for deferred deliveries in excess of thirty days is one that has been the subject of a great deal of discussion in the Sugar Institute. As a final result, the Institute has recommended to its members that no contracts be made with deliveries longer than thirty days.

The reason for this recommendation is set forth at length in a letter from the Institute to the Pacific Coast refineries, a copy of which I enclose herewith.

Following this, however, it appeared that C. & H. had already committed itself to the continuation of its former policy of selling sugar on deferred deliveries to Canners only. I notified you of this under date of February 24, in order that you might have the same opportunity as members of the Institute to meet this competition in Pacific Coast states only.

Except on the Pacific Coast, the recommendation of the Institute is being followed by members of the Institute.

We have recently been notified by one of our members that your corporation is soliciting deferred business on the basis of a 5 cents carrying charge and has made one sale of 5,000 bags equal quantities for five months on that basis.

This is, of course, your privilege if you do not wish to conform to the practices of the Institute, but in view of your expressions of cooperation I feel privileged to ask a statement of your present situation and attitude on this point.

Very truly yours,

Executive Secretary.

SB: BMF.

3307 *Government Exhibit 429*

AUGUST 1, 1930.

JAMES CUMMINS & COMPANY,
National Exch. Bank Bldg., Wheeling, W. Va.

DEAR SIRS: We confirm our exchange of telegrams yesterday, as per attached copies of confirmations R–606 and S–4636, in reference to a car of second-hand sugars which Moundsville Grocery wished to obtain at the 4.60-cent basis.

If you will refer to your copy of Code of Ethics and Interpretations, Section VIII, para. 2, you will note the following:

"No resales of unwithdrawn sugars should be recognized after the due date of the contract."

It was for this reason that we were unable to locate any second-hands for you.

Regretting very much our inability to be of service to you in this matter, we are,

Yours very truly,

NORMAN CROCK.

(McCahan files.)

3308 *Government Exhibit 430*

NOVEMBER 12, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

GENTLEMEN: In order to dispose of some old sugar stocks in Indianapolis warehouses we have today given authority to our local representative to quote a price of 5.05.

Inasmuch as the total amount to be disposed of is less than carload quantity, the sale of this sugar will be subject to the usual service charge of 5 cents per cwt.

Very truly yours,

COLONIAL SUGARS COMPANY,
GEO. E. KEISER, *President.*

(Colonial files.)

3309 *Government Exhibit 430–A*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, November 12, 1928.

COLONIAL SUGARS COMPANY,
136–140 Front Street, New York, N. Y.

GENTLEMEN: I have your letter of November 12th with reference to the disposal of some old sugar stocks in Indianapolis warehouses. Under the rulings of the Institute, the only exceptions to be made to your open prices are, first, in the case of damaged sugar which bona fide cannot be sold as in good condition, and, second, the closing out of frozen stocks not to be replaced.

Your letter does not make it clear in which category the sugar in question falls. In either case the Institute requires specific notice of the quantity and location of the sugar, so that when a complaint is made by competitors' brokers, as generally happens, we shall have on file enough to show whether the alleged price cutting is covered by specific notices already on file.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Colonial files.)

3310 *Government Exhibit 430–B*

NOVEMBER 13, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.
(Attention of Mr. Sidney Ballou.)

GENTLEMEN: Your letter of the 12th received. The sugar referred to in our letter has been in Indianapolis stock since last March and cannot be disposed of on the same basis as fresh sugar. It has been necessary, therefore, to offer this sugar at a concession of 5 points below the present market price, which is 5.05, plus the regular service charge, which, incidentally, according to information received by us, is equivalent to the price quoted by other competitors for sugar in first-class condition.

We have on hand 225 bags of bulk and 50 bags 10's billed out of New Orleans on February 9th and delivered in warehouse at Indianapolis on March 2nd.

Very truly yours,

COLONIAL SUGARS COMPANY,
G. P. ENGEL.

(Colonial files.)

3311 *Government Exhibit 430–C*

FEDERAL SUGAR REFINING COMPANY,
82 Wall Street, New York, April 16, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.
(Attention of Mr. Fred. G. Taylor, Executive Vice Secretary.)

GENTLEMEN: We have sold 35,313 bags of warehouse set and damaged sugar held at Bush Terminal, New York, at basis $4.65.

Very truly yours,

FEDERAL SUGAR REFINING COMPANY,
W. W. HARPER, *Treasurer.*

3312 *Government Exhibit 430–D*

APRIL 17TH, 1929.

FEDERAL SUGAR REFINING CO.,
82 Wall Street, New York City, N. Y.
(Attention Mr. W. W. Harper.)

GENTLEMEN: We have your various reports of this date detailing sugars sold at concessions in Cincinnati, Columbus, Pittsburg, Richmond, Indianapolis, and Bush Terminal, New York.

We look with general disapproval upon the idea of *disposing of damaged sugars in New York*, or other refining points, and we would view with alarm any general practice upon the part of refiners to sell such large quantities as you report at such a substantial concession in these markets.

The question of permission to dispose of warehouse set sugars in substantial quantities at refining points has been consistently discouraged by the Institute, and other means of meeting the problem have been found. We believe that the best interest of all concerned have been served by such action.

We would appreciate your assurance that you will endeavor to avoid such practice in the future.

Very truly yours,

Executive Secretary.

SB/FW.

3313 *Government Exhibit 430–E*

FEDERAL SUGAR REFINING COMPANY,
82 Wall Street, New York, April 18, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.
(Attention of Judge Sidney Ballou, Executive Secretary.)

GENTLEMEN: We have your favor of the 17th instant with reference to the disposal of some 35,313 bags of sugar stored at Bush Terminal, New York.

This sugar had been at Bush Terminal since July 1928, there being at the end of that month some 231,000 bags of our sugar stored there. Of this quantity, we have disposed of about 200,000 bags at the regular market prices of refiners prevailing when the sales were made.

Last December we had your Mr. Taylor inspect the sugar, and, in accordance with his ideas that the greater part of the sugar was still merchantable at regular refiners' quotations, we continued our attempts to dispose of the sugar in that manner. The 35,313 bags represents the sugar remaining in store after the sugar salable in competition with the freshly refined article had been sold.

It is not our present intention to store large quantities of refined sugar in the City of New York; and, unless we should change our policy, the state of affairs you mention cannot exist again.

Very truly yours,

FEDERAL SUGAR REFINING COMPANY,
W. W. HARPER, *Treasurer.*

3314 *Government Exhibit 430–F*

APRIL 19TH, 1929.

FEDERAL SUGAR REFINING CO.,
82 Wall Street, New York City.
(Attention Mr. W. W. Harper.)

GENTLEMEN: We appreciate the explanation contained in your good letter of the 18th, and are glad to know that the 35,000 bags of Sugar constituted the balance of your old stock at Bush Terminal that was examined by our Mr. Taylor some months ago.

Very truly yours,

THE SUGAR INSTITUTE, INC.,

Executive Secretary.

FGT/FW.

3315 *Government Exhibit 430–G*

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
101 South Front Street, Philadelphia, Pa., March 11, 1929.

MR. EVAN T. FISHER,
The Sugar Institute, Inc., New York, N. Y.

DEAR EVAN: Please don't forget, in accordance with our conversation on Friday, *to have Mr. Stone, of the Federal, commit himself on the fact that the Federal has no sales of damaged* (or, "reconditioned") *sugar to report from Chicago.* If later a sale of 600 bags to Scully at the 4.50¢ basis is reported you will know that this sale was made on March 6th for delayed delivery, *in violation of the Institute* regulation that all sales of damaged sugar (at below list prices) *must be "spot"* transactions.

Yours sincerely,

LOUIS V. PLACÉ, Jr.
H. B.

3316 *Government Exhibit 430–H*

MARCH 13, 1929.

MR. EDGAR STONE,
Federal Sugar Refining Company,
82 Wall Street, New York, N. Y.

Subject: Damaged sugars.

MY DEAR MR. STONE: Last Friday, at the request of one of our members, I called you up regarding a sale of 600 bags of damaged

sugar in Chicago at 4:50 basis. You were out, but I talked to Mr. Roach, who told me that Federal had made no such sale. We are now informed that this sale was made to a Mr. Scully on March 6th for delayed delivery.

Will you please look this matter up and either confirm or deny the report?

Very truly yours,

THE SUGAR INSTITUTE, INC.,

Office Manager.

ETF/C.

3317 *Government Exhibit 430–I*

DECEMBER 17, 1928.

MR. J. O. DOUGLAS,
Domestic Sugar Bureau,
120 South La Salle Street, Chicago, Ill.

MY DEAR DOUGLAS: The Revere Sugar Refinery has reported to us that it has on consignment at Milwaukee 8,400 bags and at Chicago 7,800 bags, which it desires to sell without guarantee at a concession.

This sugar was shipped before the guarantee in Chicago territory by Eastern refiners went into effect. It was held in transit at Newport, Vermont, and has recently arrived at Milwaukee and Chicago.

It is against the policy of the Revere Sugar Refinery to make any guarantees, and they therefore wish to close out this stock, either at private sale or by announcing an open price on this particular sugar.

It would perhaps be a debatable question whether this comes strictly within the definition of " frozen stocks not to be replaced ", but I am inclined to *give permission* to name an open price on this limited stock if *you think it would not unduly disturb the market* for the members of the Bureau.

While my notice does not state specifically that this stock is not to be replaced, I understand that this is the position of Revere so long as the guarantee terms are in effect in this territory.

Will you kindly give me your opinion as to whether you think the sugar can be thus sold without unduly disturbing market conditions?

Very truly yours,

Executive Secretary.

SB:BMF.

3318 *Government Exhibit 430–J*

OCTOBER 1, 1929.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

DEAR SIRS: This will advise you that we have sold at a concession in price to the Flamingo Sugar Mills 25 barrels of Powdered Sugar

delivered from consignment stocks which have been stored in Pittsburgh a considerable length of time.

Yours very truly,

NORMAN CROCK.
H. B.

(McCahan files.)

3319 *Government Exhibit 430–K*

[Disposition slip]

THE SUGAR INSTITUTE, INC.
Oct. 2, 1929.

MCCAHAN:

To be sold at a concession sugar must either be (*a*) damaged or (*b*) frozen stock not to be replaced. This notice does not conform to either.

S. B.

3320 *Government Exhibit 430–L*

OCTOBER 7, 1929.

DEAR JUDGE BALLOU: Referring to your "Disposition Slip" dated October 2nd, attached to our letter of October 1st, addressed to the Institute regarding 25 barrels of Powdered Sugar sold from Pittsburgh consigned stocks, I regret that our letter was not sufficiently specify to satisfy you. However, at the time of writing this letter it probably seemed unnecessary to state that *Powdered Sugar* hardens and deteriorates very rapidly after storage during any considerable length of time.

In view of the very few sales made by us for delivery from consignments at concessions (as compared to such sales made by other refiners) we probably are not very familiar with the manner in which such sales must be reported. However, you may always depend upon the fact that any time we report 25 barrels (or any similar trivial amount) sold by us in the above manner the sugars in question are either (a) damaged or (b) frozen stocks.

I return for your files our letter of October 1st.

Yours sincerely,

LOUIS V. PLACÉ, JR.
H. B.

Hon. SIDNEY BALLOU,
The Sugar Institute, Inc., New York, N. Y.
(McCahan files.)

3321 *Government Exhibit 430–M*

THE AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York, October 7, 1929.

SIDNEY BALLOU, Esq.,
The Sugar Institute, Inc., New York City.

DEAR JUDGE: Do you think you can dispose of the question involved in the attached letters, or should I bring it up at the *Enforcement Committee?*

You will see that our Baltimore office, through error, shipped a car of bulk granulated sugar to Wheeling, West Virginia, instead of a car of 4/25's. The car of sugar is in the warehouse at Wheeling, and we would not like to go to the expense of bringing it back to Baltimore. We can sell it at the market, in Wheeling, but may perhaps have to parcel it out, or make delivery at customer's place of business, in order to dispose of it as Wheeling is not a consignment point.

We should like *permission* to make the best disposition we can of it at the present market price in the City of Wheeling. If you do not feel that you can pass on this, would you mind holding it for the next Enforcement Committee meeting?

Yours very truly,

J. F. ABBOTT.

3322 *Government Exhibit 430–N*

OCTOBER 8, 1929.

Mr. J. F. ABBOTT,
American Sugar Refining Co., 117 Wall Street,
New York, N. Y.

MY DEAR MR. ABBOTT: I have your letter of October 7th relating to the situation resulting from a car of bulk granulated having been shipped in error to Wheeling, W. Va., instead of a car of 4/25's.

Upon proper showing, I have always authorized a businesslike settlement of situations resulting from clerical and other bona fide errors. I do not think it necessary to refer this case to the Enforcement Committee for decision but think it advisable to mention it in order to prevent misunderstandings.

Under the circumstances detailed in your correspondence I should advise and authorize the selling of the balance to the Anderson Caramel Company at Wheeling, to be delivered some time within the next two weeks. The Caramel Company should be advised that this transaction was authorized by the Institute for the correction of an error in shipping.

If this offer of the Anderson Caramel Company is no longer open, I should like to be advised of any other proposed distribution. *The main thing to avoid is a promiscuous offering of the sugar on the open market.*

I am returning your correspondence herewith.

Very truly yours,

Executive Secretary.

SB:BMF.

3323 *Government Exhibit 430–O*

AUGUST 29, 1930.

Mr. G. E. FEE,
Building.
Mr. O. B. LASHER.

Damaged Sugars Sold at a Concession

We are required to report to the Institute all sugars that are damaged and which *it may be this department's duty to authorize for the movement of these sugars a concession in price.*

Should you have the experience to issue instructions authorizing a concession under the value of the sugars in good condition, *it will be necessary for proper notice* to be given to Mr. Fred G. Taylor, Vice Executive Secretary of The Sugar Institute, Inc., advising him *the number and type of packages damaged and to be sold, the market of their location, the buyer to whom the sale is made, the amount of money allowed*, and where this allowance is recoverable by claim, that fact also be mentioned. Two copies of your letter to the Institute should be given to the Consignment Department for their information and record.

OBL:HH.
C.C./Mr. J. A. Paradine, Building.
(National files.)

3324 *Government Exhibit 430–P*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 14, 1929.

SAVANNAH SUGAR REFINING CORPORATION,
Savannah Bank & Trust Co. Bldg., Savannah, Ga.

GENTLEMEN: Hershey has less than one car of sugar in a broker's warehouse at Americus, Ga. The lease of the warehouse expires on October 16th, and the broker does not wish to renew it.

Treating this as frozen stock not to be replaced, and particularly in view of the expiration of the lease of the warehouse, *the Institute has authorized Hershey to dispose of it among jobbers on the 5.40*

basis, to be invoiced later but within the time limit of the 5.40 contracts.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Savannah files.)

3325 *Government Exhibit 430–Q*

P. T. GREEN,
502 Bearinger Building, Saginaw, Michigan,
July 26th, 1930.

Mr. C. C. VIRGIL,
National Grocer Co., Detroit, Mich.

DEAR MR. VIRGIL: Perhaps you will recall that several weeks ago I stated that the American had a few bags of Fine Granulated in the warehouse which were not in shape to put out to the trade in the regular manner.

At that time you made an offer of 4.50 for this sugar F. O. B. the warehouse. I in turn submitted it to the American and they have eventually come through with a letter stating that it was necessary for them to *refer the matter to the Institute before they could sell it at less than the market quotation*, and therefore they are now in a position to receive the offer of 4.50, which they in turn will submit to the Institute for final confirmation.

The quantity is only 4 100# bags Fine Granulated and 24 sacks of 10# each. If it is agreeable to you to clean up this small quantity, if you can use it in your mills or in some way, if you will just kindly put an O. K. on the bottom of this letter I will write to the American stating that 4.50 per hundred net F. O. B. Warehouse is the offer made.

This seems like a lot of red tape to handle a few pounds of sugar, but evidently it is in accordance with their Institute rulings.

Yours very truly,

P. T. GREEN.

3326 *Government Exhibit 430–R*

FEB. 20TH, 1931.

THE SUGAR INSTITUTE, INC.,
New York, N. Y.

Re File M–494.

DEAR SIR: About that small quantity of "frozen" stock which had been in St. Louis since last summer, the young man who has charge of it understood that he was to make a complete report as soon as the whole lot was sold out. He says it is now down to a little over 100 sx. Standard Fine and a few barrels of Powdered.

If you would prefer to have him report piecemeal, it is alright with us, but thought the other way a little more convenient for us, as well as for you.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3327 *Government Exhibit 430–S*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 24, 1931.

Our File M–494.

HENDERSON SUGAR REFINERY,
749 South Peters St., New Orleans, La.

GENTLEMEN: Replying to your letter of February 20th regarding the matter of reporting frozen stocks, we have noted your intention in the matter. May we say, however, that the provisions of the Code of Ethics covering this matter were designed for the specific purpose of requiring members to inform the Institute of their intention to sell damaged sugars and frozen stocks in order that the Institute may answer just such questions as arose regarding yours and thus avoid suspicion and misunderstanding which otherwise almost invariably arises.

The provision of the Code covering this matter, Sec. I, Page B-2, Par. (b), reads as follows:

"Frozen stocks may be sold at prices under the public price of the refiner without violation of the Code, but only to clear out consignments not to be replaced. In such cases, as in the case of damaged sugar, notice of the purpose of the refiner should be given to the Executive Secretary to enable him to answer possible complaints of violation by the refiner of the Institute's Code of Ethics."

You will note by reading the section on damaged sugar, to which this refers, that *members are expected* "*to give prior notice to the Executive Secretary* of the Institute of the location and amount of such sugar, with statements as to its condition and the *reasons* for selling it below the refiner's openly announced Price."

We are sure you have overlooked this provision or it would have been handled in accordance with your usual careful practice.

Yours very truly,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(Henderson files.)

3328 *Government Exhibit 430–T*

FEB. 26TH, 1931.

THE SUGAR INSTITUTE, INC.,
New York, N. Y.
(Attention Mr. Fred G. Taylor.)

Re Your File M–494.

DEAR SIR: You certainly score on us in your letter of the 24th about method of reporting clean up of frozen stocks. All we can say is that we regret we did not recollect the fact that you should have been advised *beforehand* when we decided to clean out the stock in St. Louis transit warehouse which was dirty and hard.

Well, the granulated has all been sold and you will be forwarded report of same under separate cover. There are still a few barrels of Powdered and we will let you know as soon as we get rid of that.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3329 *Government Exhibit 430–U*

APRIL 8, 1931.

Mr. W. H. HOFFMAN,
Care Geo. E. Keiser, Milwaukee, Wisc.

DEAR MR. HOFFMAN: Replying to your letter of April 2nd, and referring to the attached letter from Mr. Engle addressed to you March 30th, with reference to Lot 4435, switched from the Security to the Northwest Warehousing Co., wish to say we agree with you that it may be advisable to hold this sugar a while longer in order to secure a better price.

You understand that if the sugar is sold at a concession, *it cannot apply against a present contract, but the sale must be made as new business based on our present market quotation. The Institute is very strict regarding this.*

Very truly yours,

COLONIAL SUGARS COMPANY,
C. B. NEWMAN.

(Colonial files.)

3330 *Government Exhibit 430–V*

FEB. 13TH, 1928.

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.

DEAR SIRS: Mr. Wm. Henderson advises the necessity of reporting concessions in prices made to move damaged granulated. We have consigned sugar in Bowling Green, Ky., and Monroe, La., which we

have been trying to move on account of damage due to bad warehousing. Both matters have been the subject of considerable correspondence for sometime past.

Please advise if you desire copies of all this correspondence and samples of the sugar in question.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3331 *Government Exhibit 430–W*

THE SUGAR INSTITUTE, INC.,
New York, February 16, 1928.

Mr. WM. HENDERSON,
749 South Peters St., New Orleans, La.

MY DEAR MR. HENDERSON: I have your letter of February 13 in regard to concessions in prices to move damaged granulated. In such cases please give prior notice to the Institute of the location and amount of such sugar, with a statement as to the condition of the sugar and the necessity of selling it at a concession. It is not necessary to send the details of the correspondence to which you refer.

In all such cases the greater the concession on account of damage the less suspicion is likely to be aroused among the trade that the sale is not bona fide.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Henderson files.)

3332 *Government Exhibit 430–X*

FEBRUARY 27, 1928.

Messrs. GEO. E. KEISER & Co.,
Chicago, Ill.

(Attention Mr. Dewer.)

GENTLEMEN: Please refer to your favor of the 10th, which answers our letter of the 8th, with reference to stock held in transit at the Grocers Warehouse, St. Louis. Within about a month, the in-transit privilege will expire on this stock and we are particularly anxious to move same promptly.

Any part of the packages that you are unable to handle against contracts, we would like to sell and would appreciate your opinion as to what you believe you could obtain for same. Do not offer this sugar for sale, as *we must file with the Institute our intention* of selling the sugar at a price under that which we are quoting and file with them all details concerning it.

Very truly yours,

COLONIAL SUGARS COMPANY,
C. B. NEWMAN.

(Colonial files.)

3333 *Government Exhibit 431*

JANUARY 26TH, 1928.

Mr. F. M. LEWIS,
C/o F. M. Lewis & Co., San Antonio, Texas.

DEAR FRANK: I thought in our conference here last week it was thoroughly understood by all brokers that the Imperial Sugar Company had subscribed to each and every one of the Ethics published in the Code of Ethics of the Sugar Institute, and was not going to intentionally violate any one of the Ethics.

The last day or two you have written to the Sugar Company and submitted orders to them, asking if certain things could not be done, or if the Sugar Co. would do certain things, all of which were in direct violation of the Ethics published and agreed to.

For your information I am attaching hereto copy of a letter that Mr. Moog, of the Godchaux Sugars, Inc., wrote Mr. Post, and want to call your special attention to the fifth paragraph of this letter quoting a paragraph from the letter that Mr. Godchaux wrote his brokers.

I cannot make it too strong or impress upon you too forcibly the necessity of living up to the Code of Ethics as published, which is the Code of Ethics of the Imperial Sugar Company, and unless the brokers representing the Imperial adopt these ethics as their ethics, and undertake to convince the jobbers that they are, *we are going to get in all kinds of trouble.*

I would appreciate your acknowledging receipt of this letter and advising me if you, as a broker of the Imperial Sugar Company, will adopt the Code of Ethics as your Ethics, and if you will undertake to assist in every way possible in helping the Imperial to live up to this Code, but to in no way undertake to violate them either in spirit or action.

With kind personal regards, I am,

Yours very truly,

P. S.—We of course want you to at all times keep us fully posted as to what the other fellow is doing.

W. T. N.

(Imperial files.)

3334 *Government Exhibit 431–A*

JANUARY 28TH, 1928.

Mr. FRANK LEWIS,
In care of F. M. Lewis & Co., San Antonio, Texas.

MY DEAR FRANK: I desire to acknowledge receipt of your favor of the 27th.

I thought all the time that you were going to tow the mark and stand hitched, but the order you sent in the other day on the split billing worried me a little, because I had tried to impress on all of

you while here that the Imperial was going to live up to the Code of Ethics. And as I told Will a day or two ago, *he just as well ask me to go down here and jump off the bridge into Oyster Creek as to ask me to violate any of the ethics published in the Code.*

The posting that you are giving me as to what the other fellow is doing is fine, and I hope that you will continue to do so, as this is the information we want—that is, to know what the other fellow is doing and whether or not he is undertaking to in any way violate the Code of Ethics.

With kind personal regards, I am,

Yours very truly,

W. T. E.

(Imperial files.)

3335 *Government Exhibit 431–B*

AUGUST 30, 1929.

Mr. W. F. JETTER,
Philadelphia, Pa.

DEAR MR. JETTER: We are enclosing a supply of affidavits for brokers, which we are requesting that you forward immediately to each of your brokers and subbrokers in Florida, Georgia, South Carolina, North Carolina, Alabama, Mississippi, Louisiana, Tennessee, and Southern Kentucky, and which are to be executed by them and returned to your office by September 9th.

A full explanation covering this affidavit is to be found in the Institute proceedings furnished you by Mr. White with his letter of August 27th.

Very truly yours,

GENERAL SALES DEPARTMENT.

(American files.)

3336 *Government Exhibit 431–C*

THE SUGAR INSTITUTE, INC.,
New York, August 30th, 1929.

To Members of the Sugar Institute, Inc.:

GENTLEMEN: Our attention has been called to what appears as a contradiction in the Minutes of the Special Meeting of August 21st, which was held for the purpose of considering irregular trade practices in Southern territory.

In order to clarify the matter we are attaching hereto a reprint of sheet no. 8 of the Minutes of the adjourned meeting, which clears up the point in question. Please substitute this sheet and destroy the original to avoid possible confusion.

A question has arisen concerning the effective date of the requirements made of brokers in the affidavit that was to be signed by them and returned to the Enforcement Committee of the Institute.

It is understood that while we desire this affidavit signed and returned promptly, the enforcement of its provisions is not required until after the next market move. It is to become effective with the new order of business after complete adjustments are made. The fact that the affidavit is signed and returned will not prohibit the continuance of existing practices *to meet competition* in the interim.

Very truly yours,

(Sgd.) FRED G. TAYLOR,
Executive Vice Secretary.

(Revere files.)

3337 *Government Exhibit 431–D*

THE SUGAR INSTITUTE, INC.,
New York, September 10th, 1929.

To Members of the Sugar Institute, Inc.:

GENTLEMEN: Some months ago it was decided that all refiners should require their brokers to sign a pledge binding them to cooperate in carrying out the purposes of the Institute. Each month since this decision was reached some major activity has occupied our attention, and up until now there has not appeared a propitious time to begin the use of this pledge.

In view of the heavy program of regulation and enforcement that has been undertaken it seems particularly desirable that we now require this pledge. We are, therefore, submitting to you a form that has been designed for the purpose, and will ask that you be prepared to approve it or offer your criticisms at the Director's Meeting of September 12th, 1929.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Godchaux files.)

3338 *Government Exhibit 431–F*

JANUARY 14th, 1930.

THE SUGAR INSTITUTE, INC.,
New York, N. Y.

DEAR SIRS: We have before us various reports made by Proudface, Chinal & Co. about some of our representatives. In a number of these reports the point is dwelt on with considerable emphasis that it is economically impossible for an independent broker to make a living in a community as there is not sufficient business to justify it. The methods of personal bookkeeping are taken to task and in one case the report went so far as to criticise *a man's appearance, saying that he was of a laboring type, sincere but with slow mental process, and unable to give* the service required of a broker in a fluctuating market. Blood relationship seems also a bar.

We take exception to all this. It is impossible in the South with its widely spread towns with small population always to get the energetic, able, aggressive broker which invariably characterizes the sales force of the various refiners doing business in the East. We are glad to get a representative who will sell an occasional car for us, even if he spends part of his time soliciting insurance, dabbling in real estate, hoeing cabbages, or moonshining.

We do use every effort to determine whether or not the broker complies with the Code of the Institute, and if he does we are satisfied with his representations, provided that he can sell the goods.

Yours very truly,

WM. HENDERSON.

(Henderson files.)

3339 *Government Exhibit 431–G*

MARCH 18th, 1930.

WOOLWINE & COMPANY,
Nashville, Tenn.

DEAR SIRS: We hand you herewith new brokers' pledge issued in triplicate in line with recommendation of the Sugar Institute. It is of the utmost importance that you execute all three immediately, retaining one for your own record and returning us the other two, one for our files and one to be forwarded to the Sugar Institute as the effective date is April 1st. As you can see, every broker and sub-broker who handles the products of any member of the Sugar Institute must execute a similar document or his services will no longer be needed. Please understand that there is absolutely nothing personal in this pledge and the effort is simply one to put everybody on absolutely the same fair and square basis.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3340 *Government Exhibit 431–H*

[Telegram]

MARCH 19, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.:

We have mailed brokers' pledge to all of our brokers.

REVERE SUGAR REFINERY.

(Revere files.)

3341 *Government Exhibit 431–I*

[Telegram]

NEW YORK, N. Y., *Mar. 20, 1930—1:30 p. m.*

H. E. WORCESTER,
15 Broad St., Boston, Mass.:

Only ten more days remain in which to secure brokers' pledges and file with Institute in compliance with action taken at last directors' meeting.

THE SUGAR INSTITUTE, INC.

(Revere files.)

3342 *Government Exhibit 431–J*

[Telegram]

NEW YORK, N. Y., *Apr. 2, 1930—12:25 p. m.*

H. E. WORCESTER,
Boston:

Have not received brokers' pledges Stop. Please report result of your effort and when we may expect them.

THE SUGAR INSTITUTE, INC.

(Handwritten notation:) Phoned Mr. Moon, office, 1:10 p. m., 4/2/30.

(Revere files.)

3343 *Government Exhibit 431–K*

[Telegram]

NEW YORK, N. Y., *April 10, 1930—4:40 p. m.*

H. E. WORCESTER,
Boston, Mass.:

We are advised that all direct brokers have now executed pledge and that subbrokers will be completed within few days. Therefore, by unanimous action executive committee today, it is recommended that the effective date of pledges be made April fifteenth.

THE SUGAR INSTITUTE, INC.

(Revere files.)

3344 *Government Exhibit 431–L*

MAR. 24TH, 1930.

Mr. E. P. KING,
Minden, La.

DEAR SIR: To tell you the truth, your letter of the 22nd about broker in Minden came at a very opportune time. That arrangement with Mr. Wylie was satisfactory in one sense in that it helped

us to hold your mighty attractive business, but, in another sense, we had a man representing us who was not a true broker and *there is not doubt at all in my mind that in a very short time the Institute would have forced us to discontinue the connection.*

Not having the pleasure of Mr. Wylie's acquaintance, we are just a little more than pleased to know that you have another man in mind in Minden who will turn the trick, and we sincerely hope that this new suggestion of yours is a man who has already been in the brokerage business so that there will be no doubt he can stand up under checking he will have to undergo by the Sugar Institute.

You will remember reading other brokers' pledge when you were in this office and have no doubt you have already considered the necessity of this new representative's having to sign such a pledge.

We therefore suggest that the sooner you let us know what you have in mind, the better it will be for both of us.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3345 *Government Exhibit 431–M*

MAR. 31ST, 1930.

THE SUGAR INSTITUTE, INC.,
New York, N. Y.

DEAR SIRS: Has any effort been made by the Sugar Institute to get H. H. Pike & Co. to have the Hershey brokers adopt the uniform brokers' contract? As you will recall there has been a considerable amount of trouble down in Florida and our representatives in Tampa, Harman & Hulsey, believe that it will help a lot to clear up the general situation *if the Hershey brokers have to sign on the dotted line along with representatives of other refineries.* Please let us know what action, if any, has been taken.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3246 *Government Exhibit 431–N*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 4, 1930.

HENDERSON SUGAR REFINERY,
749 South Peters Street, New Orleans, La.
(Attention Mr. J. Many.)

DEAR SIRS: Replying to your letter of March 31st, in which you inquire as to whether any effort has been made to get Pike & Company to have Hershey brokers sign the Broker's Pledge, will say

that we are laboring with them and believe they are going to cooperate with us in the matter.

Will advise you of later developments.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(Henderson files.)

3347 *Government Exhibit 431–O*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 7, 1930.

Mr. J. MANY,
Henderson Sugar Refinery, 749 South Peters Street,
New Orleans, La.

Subject: Brokers' Pledges.

MY DEAR MR. MANY: We received this morning a package containing your brokers' pledges. On checking these against our list we find that pledges from R. G. McCarty Brokerage Company, Quimby Brokerage Company, Andulsia Brokerage Company, J. S. McGee, Greenwood Commission Company, were signed but were not sworn to in the presence of a notary. We are, therefore, returning these pledges to you with the request that you have them *sworn* to and sent back to us.

We also found the pledges signed by Witherspoon & Smith, Inc., Texas; R. G. Pitman, Florida; W. H. Day, Alabama; Schuster Commission Company, Texas; Kendig Brokerage Company, Missouri; Charlotte Cogbill, Tennessee; Harwood Case Brokerage Company, Oklahoma, were not on our Brokers' List, and as only the county is given on the actual pledge, we would appreciate it if you would give us the city so that we may add them to our records correctly.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER, *Office Manager.*

(Henderson files.)

3348 *Government Exhibit 431–P*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 8, 1930.

HENDERSON SUGAR REFINERY,
749 South Peters Street, New Orleans, Louisiana.

Re Brokers' Pledges.

GENTLEMEN: We have gone over our records very carefully to pick out those brokers whom our records indicate you are still using and from whom we have not received a signed Pledge. Will you please go over the list below and if there are any of them whom you have

discontinued, will you so advise us and let us know the status of the agreements for the others.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER, *Office Manager.*

(Henderson files.)

3349 *Government Exhibit 431–Q*

MAY 12TH, 1930.

Mr. EVAN T. FISHER,
Office Manager The Sugar Institute, Inc., New York, N. Y.

Re Brokers' Pledge.

DEAR SIR: L. C. Watkins & Co. pledge should have been received long since but our file does not seem to hold it. We will go back after them vigorously for the necessary document.

We hand you herewith Pledge of Prog. Brok. Co.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3350 *Government Exhibit 431–R*

[Copy]

K. D. PIERSON,
86 East Michigan Street,
Milwaukee, Wisconsin, April 11th, 1930.

Mr. ORSON DOUGLAS,
c/o Domestic Sugar Bureau, Chicago, Ill.

DEAR MR. DOUGLAS: Regarding our telephone conversation today concerning the reports you received from the Institute that we were invoicing sugar on our own billheads for the account of sellers.

We are not invoicing sugar on our own billheads for either first or second hands. The only sugar being invoiced on our own billheads is sugar rejected on arrival and being sold for the account of the transportation company. Sugars moving via rail route that are not received in first-class condition are rejected to the railroad and they dispose of them through their own offices. However, sugars moving via the lake-and-rail or the all-water route which are received in damaged condition are usually handled by this office for the account of the transportation company. We prefer to handle these damaged sugars through this office so that the sugar is disposed of in such a way as to not in any way injure the popularity of our brands.

Trusting this is the desired information, we are

Yours truly,

(Signed) K. D. PIERSON.

(American files.)

3351 *Government Exhibit 431–S*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 15, 1930.

Mr. J. F. ABBOTT,
American Sugar Refining Company,
117 Wall Street, New York, N. Y.

MY DEAR MR. ABBOTT: I enclose a copy of a letter from K. D. Pierson to Mr. Douglas which is in answer to a complaint which was originally mailed to you back in January 1930. You will note that Mr. Pierson admits invoicing damaged sugar which was sold to the account of the transportation company on his own bill head. We believe this to be contrary to the recommendation of the Institute, which reads as follows:

"The Institute looks with disfavor on the invoicing of United States refined or manufactured sugar by brokers, even when stated to be on account of a named principal, for the reason that such practice is not strictly a brokerage function, and gives rise to complaints of merchandising by competitors."

This recommendation is probably not known to Mr. Pierson, and we suggest that it be called to his attention as his practice of invoicing the damaged sugars has given rise to the rumor that he is merchandising.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER, *Office Manager.*

(American files.)

3352 *Government Exhibit 431–T*

[Interoffice memorandum]

APRIL 16, 1930.

Mr. C. H. WHITE, Jr.:

I should like to have you notify Franklin to have Mr. Pierson discontinue billing sugar in his own name for *any* reason. No exception was made in the case of damaged sugar in the Institute's ruling, and if Mr. Pierson has not been advised of this ruling he should be immediately informed of it.

J. F. ABBOTT.

(American files.)

3353 *Government Exhibit 431–U*

APRIL 16, 1930.

Mr. W. F. JETTER,
Philadelphia, Pennsylvania.

DEAR MR. JETTER: Confirming our conversation of today, you will please notify Mr. K. D. Pierson, your broker at Milwaukee, to discontinue billing sugar in his own name for any reason.

As you are aware, no exception was made in the case of damaged sugar in the Institute ruling and if Mr. Pierson has not been informed of this ruling, you should immediately advise him about the same. We read to you over the telephone the ruling of the Institute and believe that you are thoroughly familiar with the phraseology of the same.

Please give this matter your prompt attention.

Very truly yours,

GENERAL SALES DEPARTMENT.

HGH:LM.
(American files.)

3354 *Government Exhibit 431–V*

JULY 18, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.
(Attention Mr. W. W. Patterson.)

DEAR MR. PATTERSON: I have been informed that the E. D. Martin Company in West Virginia, who acted as brokers for other refiners until recently, had never signed a pledge.

Could you advise me if this is a fact.

Yours very truly,

J. W. L.

c.c. Messrs. H. E. Worcester, J. R. Clark, C. H. Moore.
(Revere files.)

3355 *Government Exhibit 431–W*

JULY 22, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.
(Attention Mr. Evan Fisher, office mgr.)

DEAR MR. FISHER: I have your letter of July 21st, attaching circular letter which states that the Spreckles Sugar Corporation has ceased accepting business thru E. D. Martin & Company.

This information came to us on July 11th. My letter of July 18th asked if the E. D. Martin Company had ever signed the broker's pledge. You do not answer this question, but refer me to the announcement of July 11th, which simply states that Martin & Company have been discontinued because it is alleged that they are cash wholesale distributors.

Have these people been operating without signing a pledge, and if so, would it not be well to find out just how such a condition could have existed, as well as determine whether or not there are any similar cases?

Yours very truly,

J.

c. c. Mr. H. E. Worcester, Mr. J. R. Clark.
(Revere files.)

3356 *Government Exhibit 431–X*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, August 22, 1930.

Mr. H. E. WORCESTER,
Revere Sugar Refinery,
333 Medford Street, Charlestown, Mass.

Re broker's pledge.

DEAR MR. WORCESTER: Please refer to your letter of *May 10, 1930*, in reply to ours of *May 8th*. We find we have never received a Broker's Pledge signed by Hancock & Daub, Pittsburgh, Pa. Will you please trace these people again for a pledge?

Thanking you for your cooperation, we are,

Yours very truly,

THE SUGAR INSTITUTE, INC.,
SEYMOUR I. STILLMAN.

(Revere files.)

3357 *Government Exhibit 431–Y*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, September 30, 1930.

Mr. J. F. ABBOTT,
The American Sugar Refining Company,
120 Wall Street, New York City.

MY DEAR MR. ABBOTT: At their meeting of September 24th the Executive Committee found that Mr. Arthur F. Tripp was not qualified to receive brokerage from members of the Institute. We have now been advised that Mr. Tripp has approached several of our members with the proposition that he be permitted to place business for the Independent Grocerys Alliance without receiving any brokerage, and an expression of opinion has been asked of us on the situation created thereby.

Inasmuch as Mr. Tripp has been found not qualified, it will be necessary to return his pledge. The pledge very clearly states that the refiner binds himself not to place any orders through a broker or agency who has not signed a Broker's Pledge. Under these conditions, we do not believe that it would be ethical for any member to accept business placed by Mr. Tripp, whether brokerage is paid or not.

In order that we may advise all members concerned whether our opinion will be sustained, we would ask that you reply to this letter and will regard your reply as confidential.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(American files.)

3358 *Government Exhibit 431–Z*

[Confidential]

OCTOBER 2, 1930.

Mr. FRED G. TAYLOR,
Executive Vice Secretary The Sugar Institute, Inc.,
129 Front Street, New York City.

MY DEAR MR. TAYLOR: In reply to your letter of September 30th, to Mr. Abbott, please be advised that we accede to the views expressed by you and will not accept business offered to us through Mr. Arthur F. Tripp.

Yours very truly,

(Signed) R. S. STUBBS,
Vice President.

(American files.)

3359 *Government Exhibit 431–A1*

ARTHUR F. TRIPP,
91 Wall Street, New York City, October 18, 1930.

THE W. J. McCAHAN SUGAR REFINING COMPANY,
101 South Front Street, Philadelphia, Pennsylvania.

(Attention Mr. Norman Crock.)

GENTLEMEN: Replying to your several letters in reference to the signed agreement between us, will state that some little time ago I sent this agreement on to Chicago, and I am in correspondence at the present time trying to get them to return it to me. Upon its return I will be very glad to have it cancelled.

You do not state in either of your letters your reason for asking for the return of this agreement. It would seem as though it should have been explained by you, although I can guess or rather imagine what the difficulty is. The Sugar Institute have not seen fit to communicate with the writer at all in this connection. The intimation being, as near as I can understand it, that I have been returning my brokerage to the Buyer for whom we bought the sugar. This is not true. Although I have been very frank in saying that inasmuch as my office was set up by Headquarters of The Independent Grocers' Alliance at Chicago, that pending adjustment of settlement between us I very naturally sent on my brokerages to Headquarters in Chicago.

Yours very truly,

ARTHUR F. TRIPP.

(Handwritten notation:) Institute decided Tripp might submit business to Refiners but should not be paid brokerage.

(McCahan files.)

3360 *Government Exhibit 431–B1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 20, 1930.

Mr. J. F. ABBOTT,
American Sugar Refining Co.,
120 Wall Street, New York, N. Y.

Subject: Lewis & Culp, Louisville, Ky.

MY DEAR MR. ABBOTT: Enclosed you will find a report covering Lewis & Culp, subbrokers for Lowry & Company, with offices at Louisville and Lexington.

The Executive Committee at its meeting of October 15th found that this brokerage firm had violated their broker's pledge and also the Code of Ethics of the Sugar Institute.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(American files.)

3361 *Government Exhibit 431–C1*

[Interoffice memorandum]

OCTOBER 23RD, 1930.

Memorandum of Conference Relative Lewis & Culp

After reading the attached charges against Lewis & Culp I communicated with Mr. Taylor and asked him whether a report of these findings had been sent to Lewis & Culp. He said they had not, but that Henderson had been notified and it was expected that Henderson, in turn, would notify Lewis & Culp. He explained the delay in reporting the proceedings of the Executive Committee meeting of October 15th by stating that the minutes had been sent to counsel for review and that it was not until October 20th that the Institute was in position to transmit these findings.

I asked Mr. Taylor his opinion as to Refiners accepting business offered by Lewis & Culp today and tomorrow, and he expressed the view that since Lewis & Culp had probably received no official notice of their disqualification it would be entirely in order to accept such business.

It happens that Mr. Lewis is in New York and he, in company with Mr. Hogan, called upon me this afternoon after I had requested an interview with Mr. Hogan. I informed them that the Institute had found the firm of Lewis & Culp had violated their brokerage pledge and the Code of Ethics; that I was not prepared to submit details of these findings. Mr. Lewis stated that this was the first definite and official information he had received that they

had *violated their brokers' pledge*, or that they had been *disqualified by the Institute*, and stated that he proposed to go direct to the Institute and demand a statement of the charges which he felt could be satisfactorily explained. He also asked me if we would accept business from Lewis & Culp on the current move, and I told him that we would do so under the existing circumstances.

R. S. S.

(American files.)

3362 *Government Exhibit 431–D1*

SAVANNAH, GEORGIA, *December 4, 1930.*

Mr. C. C. TEW,
No. 1023 Sterick Building, Memphis, Tennessee.

DEAR COURTENAY: I am enclosing Brokers' Pledges for Gilbert Yaeger, Helena, Arkansas, and Chandler-Courtright, Cedar Rapids, Iowa, signed by me. I have written Gilbert Yaeger on July 14th, 29th, and October 28th, and Chandler Courtright on June 25th and October 28th, but have not been able to get a reply from them. Are they still supposed to be our brokers? If they are, please see if you can get them to sign these Pledges, *or otherwise we will have to drop them, as the Institute has been on our necks several times for not getting these people signed up.*

Sincerely yours,

Vice President.

TO:McC.
(Savannah files.)

3363 *Government Exhibit 431–E1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, January 30, 1931.

Mr. J. MANY,
Henderson Sugar Refinery, New Orleans, La.

Re: Broker's Pledge.

MY DEAR MR. MANY: May we call your attention to the fact that we have not as yet received broker's pledge signed for you by the following broker: Harman & Hulsey, Jacksonville, Florida.

Will you please follow up this broker for Pledge, and oblige,

Very truly yours,

THE SUGAR INSTITUTE, INC.
S. I. STILLMAN.

(Henderson files.)

3364 *Government Exhibit 431–F1*

ARBUCKLE BROTHERS,
New York, January 30, 1931.

Strictly confidential.

GENTLEMEN: We are sending you a sample of Broker's pledge agreement you signed with us.

As you have sworn to observe the principles thereof, full observance becomes a serious matter; therefore, will you kindly study the pledge carefully and advise us if you have—inadvertently or otherwise—failed to observe it in its entirety.

Note particularly article No. 9. We are responsibly advised that this clause is being violated, and we are determined to learn the facts, if possible.

If this or any other clause of the agreement is being violated, we would much prefer having the facts from the broker who has made the error than to be compelled to learn the facts from some other source.

ARBUCKLE BROTHERS.

(Arbuckle files.)

3365 *Government Exhibit 431–G1*

ARBUCKLE BROTHERS,
New York, February 4, 1931.

Mr. R. FERNALD,
N. Y. City

DEAR SIR: On January 30 we wrote each broker a very important confidential letter regarding the 'Broker's pledge agreement." Apparently a number of brokers, feeling secure in their belief that they had not violated the provisions of the pledge, set it aside, thinking no answer necessary.

Pleas not the matter is of the greatest importance, and we desire each broker to answer our query, in writing.

We want to know of any violation whatsoever, but are particularly interested in knowing whether any broker has, directly or indirectly, in any way whatsoever, compensated a broker or agency which has not signed a broker's pledge agreement for securing orders for them for refined sugar. This should be a simple question to answer.

We would thank you to write us promptly, for in case of activity in the market we might find it advisable to refrain from confirming orders from brokers who have failed to respond.

Yours very truly,

ARBUCKLE BROTHERS,
CODY.

ARBUCKLE BROS.,

DEAR SIRS: In answering the above, I would say I do not divide my Brokerage with anyone. I have no Brokers.

Very truly yours,

RICHARD R. FERNALD.

(Arbuckle files.)

3366 *Government Exhibit 431–H*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, February 6, 1931.

Important.

To the Members of the Sugar Institute.

Re Broker's Pledge

GENTLEMEN: We are attaching hereto, in duplicate, a revised draft of the Supplemental Broker's Agreement and Pledge, in which the main paragraph has been changed to equalize the opportunity of all brokers, whether performing services as direct agents for the refiners or as subbrokers.

May we state again that in view of the short time remaining to secure signatures by March 1st, it will be necessary that this have your prompt attention.

It is desired that three copies be executed—one to be retained by broker, one by refiner, and one to be sent to the Institute.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

P. S.—Please destroy the original draft sent February 3rd, in order to avoid confusion.

(Handwritten notation:) W[illegible] objected air mail 2/12/31.

(Henderson files.)

3367 *Government Exhibit 431–11*

Draft of Agreement between Refiner and Broker Supplementing Existing Broker's Pledge Agreement

THIS AGREEMENT, made this ——— day of ———, 193—, by and between ———, hereinafter called the "Refiner", and ———, hereinafter called the "Broker", witnesseth:

Supplementing the existing Agreement between the Refiner and the Broker, the parties hereto agree as follows:

The Broker hereby solemnly promises, agrees, and upon oath states:

That if the Broker at any time during the life of this Agreement act as broker in any resale of any sugar in which the brokerage commission charged is at a rate lower than that chargeable by the Broker to the Refiner hereunder as single brokerage on sales in the territory to which such resale sugar is shipped, whether by reason of the rate itself or by reason of any rebate, waiver, concession, reduction, or otherwise, then such lower rate shall apply to all commissions paid or payable by the Refiner to the Broker hereunder on sales in said territory, as from a date forty-five days prior to the date of the contract or transaction as to which such lower commission applied. The Broker shall immediately repay to the Refiner and the Refiner may deduct from any amounts at any time payable by him to the Broker, any amount by which commissions paid to the Broker hereunder exceed the reduced commission applicable under this provision. The Broker hereby agrees to furnish to the Refiner on request true and full statements under oath showing the commission applicable to any resales of sugar in which he has acted as broker, and to permit the Refiner or any persons designated by the Refiner to examine at any time and from time to time the Broker's books and records for the purpose of verifying the Broker's compliance with this paragraph.

The Refiner, in consideration of the foregoing, agrees that it will endeavor to secure from all brokers through whom it sells its sugar a signed and solemn agreement under oath, containing provisions similar to those hereinabove set forth, and from the first day of March 1931 the Refiner will not conduct the distribution and sale of its sugar through any Broker or any other independent Sales Agency, unless and until such Broker or Sales Agency has signed and deposited with the Refiner an agreement containing provisions similar to those hereinabove set forth.

It is understood and agreed between the Broker and the Refiner that this Agreement is in addition to and is to be deemed to form part of the existing written Agreement heretofore entered into between them dated

3368 In witness whereof the Broker has signed this Agreement and Pledge in triplicate, both on behalf of himself, his employees, his partners, or the corporation with which he is connected,

Subscribed and sworn to before me, this ——— day of ———, 193—.

STATE OF ———
COUNTY OF ———

Subscribed and sworn to before me, this ——— day of ———, 193—.

———,
Notary Public.

In witness whereof the Refiner has caused this Agreement to be signed by its duly authorized officer, and its seal to be hereunto affixed, this ——— day of ———, 193—.

By ——— ———.
——— ———.

FEBRUARY 7, 1931.

Mr. CHARLES GODCHAUX,
New Orleans Office:

Subject: Brokers' pledge.

DEAR MR. CHARLES: You undoubtedly have before you the memorandum from Mr. Taylor dated February 6th, in regard to the brokers' pledge, in which he asks you to destroy the original draft sent February 3d, as the letter of February 6th encloses the final draft.

It was necessary to change the original draft to that enclosed in Mr. Taylor's letter of February 6th by reason of the peculiar situation existing here in New York, where refiners pay 3¢ brokerage to New York City brokers on sugar sold to the New York trade, and only pay the 3¢ brokerage, even though the sugar is shipped out of the city of New York for the account of the New York trade.

The wording was changed to make the brokerage rate that "chargeable" to the refiner for single brokerage in the territory to which the sugar is shipped. This, therefore, means that the brokerage which must be charged on resales will either be 4½¢ as in the South, or 5¾¢ as in the North, with the exception of the refining cities of New York, Philadelphia, and Boston, where, as before stated, the 3¢ brokerage applies, but under this rule, the 3¢ resale brokerage only applies on sugar delivered in these three cities, and not on sugar delivered for the account of buyers in these cities in other cities or states.

I believe that this *amendment* of the brokerage pledge is going to be *very beneficial* to the refining industry when same is accomplished and properly enforced, because *it narrows the spread for the resale buyers and we should therefore have less resale sugars coming on the market.*

I therefore trust you will have our sales department have a supply of these pledges sent out to our brokers promptly, so that we can have them all signed out by March 1st. I suggest that in sending these out to our brokers, we explain to them that this is done for their protection and to prevent resale sugars mitigating against their efforts of distribution for us.

Very truly yours,

J. MOOG.
W. H. F.

3370 *Government Exhibit 432*

[Letterhead of Arbuckle Brothers]

NEW YORK, *March 18, 1930.*

Mr. FRED G. TAYLOR,
The Sugar Institute, Inc.,
129 Front Street, New York City.

DEAR SIR: I understand that there is to be a meeting at 1 o'clock tomorrow at the Institute to deal with the geography of the Metropolitan trucking zone and I have requested Mr. Carling to attend.

It is opportune to say that a broker, whom we credited 3¢ per 100 lbs. on an order for Garfield, N. J., complained on the basis that another refiner, or refiners, paid country brokerage to this point on the theory that it is sufficiently near the boundary line to warrant his or their doing so.

As I understand it, there is a definite boundary line drawn to regulate the amount of brokerage, and anything within that line is to take the 3¢ rate. Garfield, although close to the line, is, as I understand it, strictly within the line.

It might be well to take this matter up tomorrow, and in the meantime, will you please advise me what competitors are paying to Garfield, N. J., so that I may act accordingly?

Yours very truly,

CODY.

P. S.—I would further suggest that this committee determine that trucking concerns are not common carriers, and therefore that any sugar delivered to the depot of a trucking concern should bear the cartage charge applicable in the Zone where the cartage company's depot is located.

(Institute files.)

3371 *Government Exhibit 432-A*

JULY 18, 1930.

Mr. C. J. IRWIN, *Buffalo, N. Y.*

DEAR MR. IRWIN: Referring to your letter of June 30, in regard to the Great Atlantic & Pacific Tea Co. selling Jack Frost brands of sugar in Buffalo that were not delivered by you, we find that in January 600 bags were delivered through Edgar; and February 629, March 300 bags, and April 884 bags. These are the last deliveries made through Edgar.

We are in rather an embarrassing position about the brokerage on these, so far as you are concerned, for *according to the rules of the Institute we are not allowed to pay a total of over 6¾¢ brokerage on* any one delivery, and this amount only when two brokers are involved.

We hope you understand our position, and the only assurance we can give you is that we will try to prevent sugars going into Buffalo

through Edgar, although we do not believe this is going to work to your advantage; for if they cannot get our sugars and wish to place their business through Edgar, they will use some other brand. We think it might be well for us to have a general discussion of this subject some time when you are in New York and have Mr. O. Lamborn present. We are perfectly willing to do everything we can, but cannot do the impossible.

Yours very truly,

CDB:K.
(National files.)

3372 *Government Exhibit 433*

MANHATTAN COFFEE & SUGAR COMPANY,
Long Island City, N. Y., Thursday, January 12, 1928.

AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York City.

(Attention Mr. J. F. Brownley.)

GENTLEMEN: We are taking the liberty of addressing you with reference to the cartage allowance we have been receiving, and which, we have been advised, will be withdrawn after existing contracts have been closed.

After careful reading of the Code of Ethics of the Sugar Institute, we fail to see how the cartage allowance we have been receiving in lieu of hauling our own sugar can be placed in the category of special favors or unfair concessions.

The cartage allowance in question just about pays for the haul involved, and when the "going" is bad the allowance does not by any means cover the actual cost.

We fail to see how the Sugar Institute can rule against a buyer being recompensed by a refiner if such buyer hauls his own sugar. Of course, we do not mean to infer by this that a refiner has not the right to refuse this privilege and confine his delivery to his own trucks exclusively. But we do believe that if a refiner is willing to allow the buyer to do his own hauling, such buyer is surely entitled to at least the hauling cost involved, the rate to be uniform with all refiners granting this privilege according to location of the buyer.

We presume, of course, we would not be accorded the privilege of lodging this protest before the Sugar Institute direct, and accordingly respectfully ask that you use your good offices in our behalf with the Sugar Institute for a ruling on the question involved.

Respectfully yours,

MORRIS STERN.

(American files.)

3373 *Government Exhibit 433–A*

JANUARY 20th, 1928.

Mr. MORRIS STERN,
Manhattan Coffee & Sugar Company,
37th Street & Skillman Avenue, Long Island City.

GENTLEMAN: Referring to yours of Janugry 12th, addressed to Mr. Brownlee, re cartage allowance, this matter is now under consideration by the Sugar Institute and some action will be taken shortly.

Yours very truly,

President.

(American files.)

3374 *Government Exhibit 433–B*

SEPTEMBER 16, 1930.

PICKRELL & CRAIG CO.,
Louisville, Ky.
(Attention Mr. R. J. Thomas.)

GENTLEMEN: We are attaching order received from The Pullman Company for delivery at Louisville and would appreciate your arranging to deliver assortment as specified.

If there will be a cartage charge involved it will be necessary for the trucking company to make their collection from The Pullman Company direct, as it is a violation of the *Institute Code of Ethics* to include in our invoices cartage charges of any amount.

Your prompt attention to this matter will be appreciated.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.

(National files.)

3375 *Government Exhibit 434*

[COPY]

JULY 25, 1928.

Mr. WM. S. PARDONNER,
Savannah Sugar Refining Corp'n,
Savannah Bank & Trust Co. Bldg., Savannah, Ga.

MY DEAR MR. PARDONNER: The subject of *tolling* agreements was discussed informally at the Executive Committee meeting yesterday, and many objections to the practice were voiced which did not occur to me when I talked with you over the telephone.

The opinion was unanimous that a tolling agreement, even with a manufacturer, constituted discrimination under the Code in that it enabled one buyer to get his sugar at a price other than the open price for sugar as announced from time to time by refiners.

It is needless to say that manufacturers are in keen competition with each other and it will not surprise you to learn that I received no less than four inquiries from as many refiners and importers of sugar, all stating that they had been approached by manufacturers upon this subject with the statement that contracts of this sort were being considered in some quarters. There is going to be tremendous pressure in all directions for contracts of this kind with the usual difficulty, provided the line can be drawn at all, of deciding who is a manufacturer and who is not.

I was not certain from our telephone conversation whether you stated that such a contract had been consummated or was under consideration. Will you please inform me fully on that point.

Very truly yours,

Executive Secretary.

SB:BMF.
(Institute files.)

3376 *Government Exhibit 434–A*

[Letterhead of the W. J. McCahan Sugar Refining & Molasses Co.]

PHILADELPHIA, PA., *July 25, 1928.*

Hon. SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
New York, N. Y.

DEAR JUDGE BALLOU: In accordance with my suggestion at the meeting yesterday, I would recommend very strongly that the Executive Committe and, later, the Board of Directors of the Institute adopt a resolution to the following effect:

"Resolved, that any contract or agreement by which a buyer is enabled to obtain refined sugar at a price other than the open prices as announced from time to time by refiners which does not provide for the control by a member of The Sugar Institute (in accordance with open and publicly announced prices and terms) of the cost, to the buyer, of refined sugar delivered under said contract or agreement, is discriminatory and is condemned by clause 'a' of paragraph 3 of the Code of Ethics of The Sugar Institute, Inc."

This is merely a repetition of a provision of our Code of Ethics and therefore cannot be objectionable in any way.

Naturally, as far as the wording is concerned, you will be able to express the thought more clearly than I have been able to do above.

Yours very truly,

L. V. PLACÉ.

(Institute files.)

3377 *Government Exhibit 434–B*

[Letterhead of Federal Sugar Refining Company]

NEW YORK, *July 27, 1928.*

Hon. SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Incorporated,
129 Front Street, New York, N. Y.

DEAR SIR: I call your attention to that part of the minutes of the Executive Committee of July 24th relating to tolling contracts. You will recall that no objection was voiced against Mr. Placé's suggestion that so long as refiners, members of the Institute retained control of the sale of the refined sugar and sold it to the general public on openly announced terms in accordance with the Code of Ethics, no violation of Code could result.

It would be clearly unlawful for members of the Institute to deny other refiners the right to operate, no matter on what terms they secured raw sugar, so long as such refiner sold the product in accordance with the Code of Ethics and does not discriminate between buyers. I protest that the minutes of July 24th are, in reference to tolling, both incorrect and misleading.

Respectfully yours,

R. SPRECKELS, *President.*

(Institute files.)

3378 *Government Exhibit 434–C*

[Copy]

JULY 30, 1928.

Mr. RUDOLPH SPRECKELS,
Federal Sugar Sugar *Refining Co.,*
82 Wall Street, New York, N. Y.

MY DEAR MR. SPRECKELS: I have your criticism of the minutes of the last Executive Committee Meeting relating to tolling, and will bring the matter up at the meeting tomorrow, when I have no doubt that any misunderstandings will be cleared up.

In my own opinion, a "tolling contract" is one in which the owner of the raws retains the ownership and control of the refined. It was with this definition in my mind that I phrased the Minutes as I did. I agree entirely with your statement that no objection can be made as long as refiners, members of the Institute, retain control of the sale of the refined sugar and sell it on openly announced terms in accordance with the Code of Ethics. I do not think, however, that such an arrangement could be properly referred to as a tolling contract.

Meanwhile, Mr. Place has sent the following suggestion for a resolution to be recommended by the Executive Committee:

"Resolved, that any contract or agreement which does not provide for the control by a member of The Sugar Institute (in accordance with open and publicly announced prices and terms) of the cost, to the buyer, of refined sugar delivered under said contract or agreement, is discriminatory and is condemned by clause 'a' of paragraph 3 of the Code of Ethics of The Sugar Institute, Inc."

I think this would meet your views. I shall suggest, however, that such an arrangement will be equally condemned by Paragraph 1 of the Code.

Very truly yours,

Executive Secretary.

SB:BMF.
(Institute files.)

3379 *Government Exhibit 434–D*

[Copy]

JULY 31, 1928.

Mr. J. MOOG,
Godchaux Sugars, Inc.
Mr. WM. HENDERSON,
Henderson Sugar Refinery,
Mr. WM. T. ELDRIDGE,
Imperial Sugar Company.

GENTLEMEN: I enclose herewith a letter from Savannah relating to entering into a tolling contract with a manufacturer.

After the reading of this letter at a meeting of the Executive Committee at which Mr. Worcester of Revere was also present, the following resolution was unanimously adopted:

Resolved, That it is the opinion of all members of the Executive Committee that the contract whereby the Savannah Sugar Refinery has undertaken to refine sugars on toll for a manufacturer who has bought raw sugar for that purpose must necessarily result in a violation of Paragraphs 1 and 3–a of the Code of Ethics and is therefore condemned.

As stated in Mr. Pardonner's letter, he requests that the opinion of all Directors be obtained by correspondence. We are therefore submitting this letter to you with the request that you favor the Institute with your individual views upon the subject.

There was also considerable discussion as to a general resolution covering this subject. The following resolution has been drafted in accordance with the views of the members as expressed at the meeting but the language is tentative and subject to criticism and revision:

Resolved, that any contract or agreement entered into by a member of the Institute, by which a manufacturer, jobber, or other buyer or user of sugar is enabled to obtain refined sugar at a price other

than the open prices as announced from time to time by refiners is discriminatory and is condemned by Paragraphs 1 and 3-a of the Code of Ethics.

Your opinion upon this resolution would also be appreciated.

Very truly yours,

Executive Secretary.

(Institute files.)

3380 *Government Exhibit 434-E*

[Letterhead of Savannah Sugar Refining Corporation]

SAVANNAH, GA., *July 27, 1928.*

MY DEAR JUDGE BALLOU: At the time I talked with you over the telephone in matter of tolling for manufacturers, we had in view one particular manufacturer only, and we could not sell him on any other basis. As I told you over the telephone, the question of *tolling came up last December*, and while I am sure it was unanimously decided that it would be unadvisable to toll for jobbers, I distinctly said that we certainly would toll for a manufacturer, and nobody objected to my attitude at that time. When this question came up the margin was so narrow, tolling was not possible.

In my telephone conversation with you, you also rather had the idea that it would be all right to toll for manufacturers, provided the refiner could be assured that the sugar would not be diverted to the Trade, other than in some manufactured article. In fact, other Refiners must have had the same idea as we, as we were told we were in competition with other refiners for the business which we finally secured. We could not sell a pound of sugar on toll, you might say, for anything like immediate delivery. What toll we did take was for delivery this fall, and amounts to Refined from 7,200 tons of Raws.

While it is true that certain concessions were made to Savannah that do not appear in the Code of Ethics, Savannah's location is such that we have been able to operate or melt only about fifty percent of the working days this year, and that on a decreased melt. We made a sacrifice in waiving the absorption of the barge rate as against New Orleans from some time in December until May 24th, all at a great loss to us, in which I think practically everybody agreed.

I can see very readily where in tolling for small manufacturers or indiscriminately for manufacturers, sugars might drift into the channels of trade, but in this particular instance, we can guarantee that such will not be the case.

We have not attempted to hide this transaction, and that was the reason I called you on the telephone. Unfortunately, the
3381 *minutes of the conferences in December are more or less incomplete*, and I do not think there is any attention paid to toll as such in the Code of Ethics.

We did not consider this a violation of the Code of Ethics. We have tried our best to live up to the Code of Ethics, and we took this business because we thought it was a legitimate transaction. However, if it is the unanimous opinion of the other Refiners that any tolling, no matter with whom, is contrary to the Code of Ethics, we are perfectly willing to abide by their decision, but we will be compelled to complete the present contract.

At the meeting of the Board of Directors held on July 12th, it was decided that there would be no August meeting of the Board, except subject to call. However, this question could be covered by you in correspondence with the other members of the Board, and if they are unanimous, we will abide by their decision so far as future business is concerned. In the meantime, we will take on no further business of this character.

Yours very truly,

W. S. PARDONNER, *President.*

Judge SIDNEY BALLOU,
Executive Secretary, The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

(Institute files.)

3382 *Government Exhibit 439–F*

[Telegram]

JULY 31, 1928.

Mr. WM. S. PARDONNER,
Savannah Sugar Refining Corp.,
Savannah Bank & Trust Co. Bldg., Savannah, Ga.:

At meeting of Executive Committee plus Revere opinion was unanimous that your tolling contract with manufacturer was violation of Code and I was instructed to obtain opinion of three refiners not represented to make this unanimous in accordance with your letter.

THE SUGAR INSTITUTE.

(Institute files.)

3383 *Government Exhibit 434–G*

[Telegram]

JULY 31, 1928.

HENDERSON, ELDRIDGE, MOOG.
(Address as per attached list.)

At meeting of Executive Committee opinion was unanimous that a tolling contract with a manufacturer as reported by Savannah was violation of Code. Letter from Savannah promised future compliance with unanimous opinion of Directors and I am accordingly forwarding details of correspondence by mail for your considered opinion.

THE SUGAR INSTITUTE.

(Institute files.)

3384 *Government Exhibit 434–H*

[Letterhead of Wm. Henderson]

NEW ORLEANS, *Aug. 6th, 1928.*

Judge SIDNEY BALLOU,
Executive Secty. The Sugar Institute, Inc.,
New York, N. Y.

DEAR SIR: Yours of the 31st ult. was received Saturday. Answering the inquiry of Mr. Pardonner as to our view on the subject of tolling, we beg to advise that we are in entire accord with the Executive Committee and approve the resolution you suggest. As to tolling, there never has been any doubt in the writer's mind as to its being prohibited by the Code of Ethics. We have refused on a number of occasions to consider toll propositions submitted to us.

Yours very truly,

WM. HENDERSON.

(Institute files.)

3385 *Government Exhibit 434–I*

[Letterhead of W. T. Eldridge]

SUGAR LAND, TEXAS, *August 3rd, 1928.*

Judge SIDNEY BALLOU,
Exe.-Sec'y The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

DEAR JUDGE BALLOU: Answering your favor of July 31st, enclosing copy of letter from Mr. W. S. Pardonner, of the Savannah Sugar Refining Company, dated July 27th.

My understanding of the *discussion had in December* and during the time of the *formation of the Institute* covering refiners tolling sugars for purchasers of refined sugars is that it was *unanimously decided that no refiners would toll any raw sugars for any purchasers of refined sugar regardless of whether or not he was a jobber or manufacturer.*

We are in accord with your views that to do so would be a violation of Paragraphs 1 and 3–A of the Code of Ethics, as although no specific record is made in the Code of Ethics on this subject the above paragraphs are so worded as to take care of the situation.

I feel that Mr. Pardonner of the Savannah Sugar Refining Company is in no worse shape than some of the other refiners. We have been closed down a considerable period during this year and have been operating at a reduced melt, and if I remember correctly,

the Imperial was the first refinery to notify the trade that they would not sell on the *barge* basis, and our shipments of refined sugar this year have decreased considerably compared with last year.

Yours very truly,

W. T. ELDRIDGE.

(Institute files.)

cc—Mr. J. Moog, C/o Godchaux Sugars, Inc., New Orleans, La.
Mr. Wm. Henderson, C/o Henderson Sugars, Inc., New Orleans, La

3386 *Government Exhibit 434–J*

[Letterhead of Godchaux Sugars, Inc.]

NEW ORLEANS, *August 2, 1928.*

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

DEAR JUDGE BALLOU: Our Mr. Moog left last Monday evening on his vacation, hence I am answering your wire of July 31st, and your letter of the same date, in which you enclose a copy of letter from Mr. Pardonner, President of the Savannah Sugar Refining Corporation.

I am in full accord with the resolution of the Executive Committee, for the reason that as far as I can remember, from the meeting of the Institute which I attended, and from the reports made by Mr. Moog of the meetings he attended, I am quite sure that it was understood that none of the refiners would consider any contract for tolling.

I may add that we have been approached several times by manufacturers wishing to purchase sugar for delayed shipment, with the request that we consider a tolling proposition, and in view of the Code of Ethics, we declined to consider it.

Under the circumstances, as above indicated, I am in full accord with the resolution adopted by the Committee.

Very truly yours,

CHARLES GODCHAUX,
President.

(Institute files.)

3387 *Government Exhibit 434–K*

[Letterhead of Savannah Sugar Refining Corporation]

SAVANNAH, GA., *August 9, 1928.*

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front St., New York, N. Y.

MY DEAR JUDGE BALLOU: I gather from copy of minutes of Executive Committee meeting of July 31st that the Executive Committee is opposed to toll contracts such as we have entered into, but in my let-

ter to you I asked for a unanimous expression from all of the members of the Board of Directors. In the first paragraph on page 2 of the minutes of the meeting of July 31st it is indicated that you have written to member firms not represented on the Executive Committee, so that the situation may be promptly cleared up and further difficulty prevented.

For your information, we have, in the interval, turned down further business of this nature which has been offered to us.

Yours very truly,

W. S. PARDONNER,
President.

(Institute files.)

3388 *Government Exhibit 434–L*

[Telegram]

AUGUST 9, 1928.

Mr. W. S. PARDONNER,
Savannah Sugar Refining Corp.,
Savannah Bank & Trust Co. Bldg., Savannah, Georgia:

Responsive to your proffer of July twenty-seventh to abide decision of unanimous opinion of directors regarding tolling contracts, we have submitted the proposition to them individually and have their *replies* indicating very *positive approval of the action of Executive Committee already communicated to you.*

THE SUGAR INSTITUTE, INC.

(Institute files.)

3389 *Government Exhibit 434–M*

[Letterhead of The Sugar Institute, Inc.]

NEW YORK, *August 1st, 1928.*

To All Members of the Sugar Institute:

GENTLEMEN: Judge Ballou requests me to state that upon further deliberation of the question of language to be used in the resolution to clear the sentiment of our members on the question of tolling sugars, he thinks the following construction meets the needs of the situation and submits same for your criticism or approval:

"*Resolved*, that any contract or agreement entered into by a member of the Institute, *by which a manufacturer*, jobber, or other buyer or user of sugar *is enabled to obtain refined sugar at a price other than the open prices as announced* from time to time by refiners is discriminatory and is condemned by Paragraphs 1 and 3–a of the Code of Ethics."

Very truly yours,

(Sgd.) FRED G. TAYLOR,
Ass't Executive Secretary.

(Institute files.)

3390 *Government Exhibit 434–N*

[Copy]

FEBRUARY 18, 1929.

Mr. HENRY FLARSHEIM,
Seavey & Flarsheim Brokerage Co., Kansas City, Mo.

DEAR HENRY: I understand that you have heard, as others have, of the statements being made by the stock salesmen of the Dahlberg interests concerning their relations with Savannah.

These have also come to the ears of Savannah, and they have written a strong letter of protest to Dahlberg's head office against the continuance of the misrepresentation involved.

As a preliminary to a statement of the real facts, I would say that there has been considerable discussion in the Institute as to *toll contracts*, which discussion has brought out the fact that they are of two kinds: First, where the owner of the raw sugar retains ownership or some kind of control over the sale or disposition of the refined sugar. This kind of toll contract is *prohibited* by the Institute Code Rulings for the very obvious reason that it would bring into the market sellers of sugar who are not bound by the Code of Ethics of the Institute. Second, toll contracts for raw sugar producers in which the refiner, being a member of the Institute, expressly controls the sale and disposition of the refined sugar, so that it may be sold at all times in accordance with the Code. These are in fact profit-sharing arrangements similar to those under which the C. & H. and Revere operate. Federal had a contract of this kind last year in disposing of some Cuban sugars, but it was not renewed.

As a result of the Institute's discussion, the following was adopted at the Director's Meeting in January:

"*Resolved*, that a refiner should not enter into any tolling arrangement under which he does not retain entire control of the sale of his product, in order that it may be sold in accordance with the Code of Ethics."

Savannah had an old contract of this kind with the Florida Fruit & Produce Company. That corporation went flat and
3391 Savannah stood to lose considerable money. When the Dahlberg interests took over the corporation, Savannah insisted that the old contract be carried out in order to get their money out of it. It would in any event be legitimate under the above ruling. This is the only foundation to the stock salesmen's story.

Upon the selling end, there is no obligation to Coca-Cola or anyone else. Savannah has no outstanding tolling contracts for the benefit of any buyer or user of sugar, the last one having expired last Fall. Such tolling contracts are now expressly forbidden by Institute Code Rulings No. 3–1–7 (c). There is no truth in the salesmen's state-

ment that there was any arrangement with Coca-Cola to take this product. *Savannah must sell all the sugar covered by the arrangement on its open, announced prices and terms.*

Very truly yours,

Executive Secretary.

SB:BMF.

(Institute files.)

3392 *Government Exhibit 435*

[Telegram]

SUGAR LAND, TEXAS, *May 28, 1931.*

Mr. FRANK E. SULLIVAN,
President Western Sugar Refining Company,
San Francisco, California:

Rewire regarding storage Corsicana Stop. This point not recognized consignment point and no member of Institute now carrying stocks this point Stop. *If members of Institute are going to disregard recommendations of its board of directors by giving public announcements*, feel there is no need of Institute Stop. Texas jobbers and two Texas refiners have been fighting Texas consignments for long time, and if you insist on putting storage at Corsicana, feel it will have a disastrous effect whole situation this State. Regards.

W. T. ELDREDGE.

(Imperial files.)

3393 *Government Exhibit 436*

THE SUGAR INSTITUTE, INC.,
New York, November 13th, 1931.

IMPERIAL SUGAR COMPANY,
Sugar Land, Texas.

(Attention Mr. H. G. Thompson.)

GENTLEMEN: On the occasion of your visit to New York at the time of the last Director's Meeting you talked with us regarding the Adickes matter. You explained that you had reemployed Adickes as a direct broker upon receiving his assurances that he was receiving full brokerage on the sale of Texas City sugars through a subbroker's arrangement with Kingsbury, Perkins, Woodruff, Inc.

We stated to you at that time that the situation should be corrected by the regular procedure in such matters, which would consist of a reinvestigation to determine whether the unethical practices reported in the findings of the Executive Committee have ceased to exist.

We have recently received a letter from Texas City regarding this matter, in which they explain the error of Adickes' employment and

inquire as to what the attitude of the Executive Committee is toward correcting the situation. They inquired first whether or not the Committee condones the action of Imperial, and, secondly, whether if they terminate the arrangement between Adickes and their Houston broker the Executive Committee will rule that Imperial should also cease his employment. To this we have replied, in part, as follows:

"Under the Code Interpretations it was as distinctly a violation of the Code for you to have permitted a continuation of Adickes services as a subbroker after, as you state, 'our sales people learned of this connection', as it was for Imperial to employ him as a direct broker, which they allege they did after having received the definite statement from Adickes that he was receiving full brokerage for his sales of Texas sugars.

"*In answer to your question as to whether or not the Executive Committee condones Imperial's action, will say that it does not.* It has called the attention of both yourselves and Imperial to the 3394 fact that you are employing the services of a broker who was found to be merchandising sugar * * * and the Executive Committee have not been asked to investigate as to whether or not the violation complained of and found to exist has ceased.

"As to your final question of whether, if you terminate the arrangement between your Houston broker and Adickes, the Executive Committee will rule that Imperial should cease his employment, will say that the Executive Committee does not in any circumstance make such ruling, it simply makes findings through which the members are advised of any infringement of the Code of Ethics and under which the individual members may take such action as they see fit. In the case in point the members concerned have, apparently, not seen fit to comply with the provisions of the Code of Ethics as pointed out by the findings of the Executive Committee.

"It would seem in these circumstances that the whole matter, to employ the language of the street, is 'up to you' and Imperial, and one in which the Institute should take no further action until the policy of yourselves and Imperial has been determined."

We appreciate that this is a relatively unimportant matter, especially considering the other problems with which the Institute is confronted at this time, but it stands on our records as *one of the rare instances in which members have deliberately and openly disregarded the findings of the Executive Committee in such matters.*

May we have your early advices in order that the case may be disposed of.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

(Imperial files.)

3395 *Government Exhibit 437*

THE SUGAR INSTITUTE, INC.,
New York, November 22, 1928.

Mr. W. EDWARD FOSTER,
President American Sugar Refining Company,
117 Wall Street, New York, N. Y.

MY DEAR MR. FOSTER: C. D. Kenny, of St. Louis, is reported to have claimed that he can get barge deliveries on guarantee contracts.

No refiner's name nor brand was specified and it is of course possible that it was merely a bluff to try to get a discriminatory price. Nevertheless, in view of the well-known name of this concern and the ease with which the matter can be checked up, I am addressing this letter to all New Orleans refiners.

In checking the matter up with your Sales Department, please emphasize the fact that it is not a question of whether the particular shipment carries the guarantee privilege or not. *A nonguaranteed barge shipment cannot be credited against bookings on a guaranteed contract.* There have been misunderstandings on the part of the operating departments of some refiners along similar lines and that is why I think it advisable to ask a checkup in this particular instance.

Of course, I have no knowledge as to who is selling C. D. Kenny in St. Louis market. If he is dealing with only one refiner and making such statements, he is, of course, reflecting on the integrity of that refiner.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(American files.)

3396 *Government Exhibit 437–A*

THE SUGAR INSTITUTE, INC.,
New York, June 14, 1929.

Mr. WILLIAM HENDERSON,
Henderson Sugar Refinery, 749 South Peters Street,
New Orleans, Louisiana.

MY DEAR MR. HENDERSON: Owing to the number of complaints and cross complaints concerning irregularities in Texas, I have asked Mr. W. W. Patterson of the Sugar Institute staff to make a personal trip of investigation.

Kindly afford Mr. Patterson every opportunity of examining your contracts, invoices, and other original papers which he may request. At the same time, I should be glad if you would give him any in-

stances of irregularities on the part of your competitors, whether members of the Institute or not, with such specific information as will enable him to trace such reported irregularities to their source.

Very truly yours,

SIDNEY BALLOU,
Executive Secretary.

(Henderson files.)

3397 *Government Exhibit 437–B*

[Copy]

WILLIAM HENDERSON,
749 South Peters St., New Orleans, La.,
July 29th, 1929.

JUDGE SIDNEY BALLOU,
Executive Secty., New York, N. Y.

DEAR JUDGE: Mr. Edwin R. Meyer is a sugar buyer for a great chain of wholesale grocers commonly known as the Meyer houses whose center is St. Louis, Mo. Mr. Meyer has consistently refused to buy more than an occasional car of Henderson sugar because we have always stuck exactly to the agreed on selling terms in guaranteed territory which can be reached by barge. At time contracts are booked we insist that buyer state whether he chooses rail or barge shipment. If rail shipment, we give him a 30-day guaranteed contract; but if barge shipment is selected, no guarantee. In the past Mr. Meyer has simply contended that, as we were unwilling to meet the competition which offered him sugar on better terms than ours, he would have to turn the business elsewhere, but at last he has made the definite statement that he has been buying cane sugar from C. & H., American and Colonial, and that in no case had he had to specify when placing orders for 30 days' option of shipment what kind of shipment would be made, thus amplifying his previous statement that he had signed no separate contracts for rail and for barge shipments.

We recall no announcements through the Institute that the terms to which we have adhered had been discontinued and would like a statement from the refineries named as to whether or not they are breaking down the agreement as to terms.

Yours very truly,

(Sgd.) J. MANY.
WM. HENDERSON.

(Colonial files.)

3398 *Government Exhibit 437–C*

THE SUGAR INSTITUTE, INC.,
New York, August 13, 1929.

To Members of the Sugar Institute, Inc.:

GENTLEMEN: We are in receipt of a complaint from one of our members, a copy of which we enclose herewith.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(Colonial files.)

3399 *Government Exhibit 437–D*

APRIL 22, 1930.

MR. FRANCIS R. VAN BUREN,
Sec'y Southern Committee,
414 Masonic Bldg., New Orleans, La.

DEAR MR. VAN BUREN: We are attaching hereto copy of complaint against Godchaux Sugars, Inc., and we request that you investigate as early as possible, reporting back to the Southern Committee your findings.

Yours very truly,

IMPERIAL SUGAR COMPANY,
By H. G. THOMPSON.
TEXAS SUGAR REFINING CORPORATION,
By ——— ———.
SEAVEY FLARSHEIM BROKERAGE CO.
(representing California & Hawaiian Sugar Corporation),
By A. A. SMITH.

(Texas files.)

3400 *Government Exhibit 437–E*

COMPLAINT AGAINST GODCHAUX SUGARS, INC.

It is specifically charged that the Webster Grocery Company of Dallas, Texas, are able to purchase Godchaux Sugars and have them shipped in such manner that the sugars can be retransited and thereby defeat the established prepay basis, prevailing at ultimate destination. It is charged that the majority of sugars sold to the Webster Grocery Company are shipped to strategic transit points, such as Temple, Austin, Cameron, and Waco, and retransited to points beyond, enabling the buyer to own the sugars at final destination at a price lower than the established basis.

Inasmuch as the Godchaux Sugars, Inc., claim to handle their shipments into Texas in such a manner as to control the retransiting

and prevent buyers from defeating the established prepay basis, we request an investigation covering all sugars shipped to Webster Grocery Company as applied against their Jan. 7th and March 7th contracts, tracing all cars through to final, or transited destination, in order to determine how transit manipulation was accomplished.

We also request an investigation to determine price charged Webster Grocery Company on cars arriving on their tracks March 3rd, 4th, and 5th. These cars were not all shipped to Dallas, direct, but part of them were transited from stations south of Dallas, and arrived at original or first destination a week or ten days prior to arrival date at Dallas.

It is specifically charged that M. E. Foster, Godchaux broker in Texas, aids, assists, and encourages buyers in transit manipulations, and we ask that an investigation be conducted into said Foster's activities in this respect.

It is specifically charged that buyers have used or benefited through the use of, through transit manipulations, of freight bills covering cars shipped by Godchaux to warehouses for consigned stocks. We therefore ask that an investigation be made covering all cars shipped by Godchaux to Texas consignment points and moving by rail from Reserve, to determine what disposition and use has been made of these inbound freight bills. In making such investigation, we ask that investigator ascertain that if, and when sugars are billed to buyers for delivery from these consignment stocks in car-lot quantities, he determine if such sugars are transited out and on what tonnage the transit shipment is made.

We ask that an investigation be made covering shipments to Fortson Grocery Company, and that it be determined how these sugars were manipulated so as to defeat the delivered basis.

We also ask for an investigation covering shipments to Levy Grocery Company, Marlin, Texas, since February 1st, and determine how Godchaux sugars could be sold by them to the Consolidated Candy Company, Dallas, Texas, at $5.07 net on March 7th move.

(Texas files.)

3401 *Government Exhibit 437–F*

GODCHAUX SUGARS, INC.,
New Orleans, La., May 1, 1930.

MR. FRANCIS R. VAN BUREN,
Southern Committee, The Sugar Institute, Inc.,
414 Masonic Temple Bldg., New Orleans, La.

DEAR MR. VAN BUREN: I beg to acknowledge receipt of the complaint enclosed in your letter of April 30th in reference to our company's operations in Texas.

In reference to our shipment of sugar to the Webster Grocery Company of Dallas, Texas, as mentioned in the first three para-

graphs of the complaint, we will be more than happy at any time to show you all documents pertaining to invoicing, billing, and collections for sugar which we have shipped to the Webster Grocery on any contracts they may have with us January 7th forward.

We are likewise agreeable to making available to you the same information on any shipments made to Fortson Grocery Company and Levy Grocery Company on contracts of January 7th forward.

We are always pleased to make available to you our complete car tracing records on all shipments to Texas.

We will not, however, permit of a blanket investigation as requested in the fourth and fifth paragraphs of the complaint, as the generalized complaints outlined in these two paragraphs are not such as we will give consideration to. We have repeatedly advised other members of the Institute at meetings that our records stand open for the investigation of any specific complaint, but that generalized statements, such as expressed at the last Southern Committee Meeting and are similar to those made in paragraphs four and five of the complaint, will not be given any consideration on the part of our company.

Very truly yours,

J. Moog,
Senior Vice President.

(Texas files.)

3402 *Government Exhibit 437–G*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 3, 1930.

Mr. O. R. ARMSTRONG,
Texas Sugar Refining Corp'n.,
Texas City, Texas.

DEAR MR. ARMSTRONG: I am enclosing a copy of a letter received from Mr. Moog with reference to the complaint filed by you in regard to the handling of Godchaux Sugars in Texas.

Yours very truly,

FRANCIS R. VAN BUREN.

(Handwritten notation:) I understand Thompson and Smith are going to draw up another complaint and submit same at Sou. Com. meeting next Thursday.

O. R. A.

5/5/30.
(Texas files.)

3403 *Government Exhibit 437–H*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, April 30, 1930.

To Members of the Southern Committee.

GENTLEMEN: You will find enclosed a copy of a formal complaint registered by—

Imperial Sugar Company,
Texas Sugar Refining Corporation,
Seavey Flarsheim Brokerage Company.

Investigation of this complaint will be instituted as soon as possible.

Your very truly,

FRANCIS R. VAN BUREN.

(American files.)

3404 *Government Exhibit 437–I*

THE SUGAR INSTITUTE, INC.,
414 Masonic Temple Bldg., New Orleans, La., June 9, 1930.

Members of the Southern Committee.

Report on Shipments of Godchaux Sugars in Texas

GENTLEMEN: Pursuant of the complaint filed with the Southern Committee in regard to the shipments of Godchaux Sugars to the Webster Grocery Co., of Dallas, Texas; the Fortson Grocery Co., of Corsicana, Texas; and the Levy Grocery Co., of Marlin, Texas, and the activities of W. M. Foster, Godchaux broker, with reference to such shipments and other specified activities, I have made an investigation of the substance of this complaint and have developed the following facts:

I examined the records of Godchaux Sugars, Inc., with reference to all carload shipments to the above-mentioned firms, including the invoicing, payment, and tracer records. I examined the tracers on all carload shipments and in cases where no tracer was available, a telegraphic tracer report was obtained. The tracers showed delivery to buyers at points to which shipment was made with the following exceptions:

1. On February 20th, Car T. N. O. 50634 was shipped from Houston to the Webster Grocery Co. at Corsicana, Texas, and invoiced at the Corsicana prepay of .526. On February 21st this car was reconsigned to the Webster Grocery Co. at Dallas. The remittance for this shipment based on the Corsicana prepay was credited to the Webster Grocery Company's account deducting 2% from the amount of the invoice April 15th.

2. On February 21st, Car L. & N. 11172 was shipped from Houston to the same firm at Corsicana and reconsigned in the same way to

Dallas on February 22nd. The remittance less 2% from the invoiced amount, which was based on the Corsicana prepay was credited to the Webster Grocery Company's account on April 15th.

3405 3. On February 21st, Car S. P. 35274 was shipped from Houston to the Levy Grocery Co., Marlin, Texas, and invoiced at the Marlin prepay of .495. This car was reconsigned to Oklahoma City. The remittance on this shipment based on the Marlin prepay was credited to the Levy Grocery Company's account on March 13th.

I examined the transit records of the two warehouses in Houston, Texas, in which Godchaux Sugars are stored, the Universal Terminal Warehouse, and the Houston Terminal Warehouse. In the case of the former all paid expense bills on inbound shipments are sent to the New Orleans office of Godchaux Sugars, Inc., and a record made of them after which they are returned to the Universal Terminal Warehouse. The transit records of this warehouse showed on indications of irregularity whereby a buyer could benefit from transited shipments. In the case of the Houston Terminal Warehouse, there were no expense bills in their possession, all such bills on shipments since the first of the year having been returned to Godchaux's New Orleans office.

In the course of the investigation of the railroad records the following was developed in regard to shipments to Houston.

1. On February 21st, Car L. & N. 11266 was switched from the Houston Terminal Warehouse to a buyer in Houston. On February 24th, the same car was shipped to Cameron, Texas, on transit tonnage from Reserve, La., direct to the buyer in Houston on inbound Car I. C. 172177.

2. On February 1st, Car B. & O. 276045 was switched to a buyer in Houston from the Universal Terminal Warehouse. On February 6th, Car. C. G. 3004 was shipped out to Woodsboro on transit tonnage from Reserve, La., direct to the buyer in Houston on inbound car Erie 75045.

3. On February 1st, Car S. P. 29090 was switched to a buyer in Houston from the Houston Terminal Warehouse and on February 4th was shipped out to Harlingen, Texas, on transit tonnage from Reserve, La., direct to the buyer in Houston in Car S. F. 160994.

3406 I interviewed the railroad agents at Corsicana with a view to determining whether or not there had been any transit manipulations of shipments to the Fortson Grocery Co., and although the agent of the T. & B. V. would not allow me to examine his records, he informed me that none of the bills on shipments to this firm had been used for transit purposes, but that the original paid expense bills were in the possession of the Fortson Grocery Co. and could be surrendered for transiting at any time within a year.

I interviewed the railroad agents at Marlin and examined the transit records with a view to determining whether or not there had

been any transit manipulation of shipments to the Levy Grocery Co., and found that there had been no cars transited since the first of the year. The agents informed me, however, that cars had been transited out of Marlin previous to that time.

I examined the warehouse records of the W. M. Kelly Transfer & Storage Co. and those of the railroads in Waco and found that all unused expense bills had been returned to New Orleans and that there was no indication of transit manipulation with the exception of the following:

On May 23rd Car R. I. 154523 was shipped to a buyer in Seymour, Texas, on Reserve, La., tonnage Car S. F. 146212 to the W. M. Kelly Transfer & Storage Co. This transaction was a resale and the original buyer was billed on the Waco prepay of 0.505.

I interviewed Mr. Foster, Godchaux broker, and he volunteered the information that previous to his signing the broker's pledge he made a practice of manipulating the transiting and diversion of cars for the benefit of buyers.

I examined the records of the Hobbs Brothers Transfer Co., in Temple, Texas. Their records showed that the freight bills of all inbound shipments had been returned to New Orleans. Their records also disclosed the following transactions substantiated by those of the railroads.

3407 On February 11th or 12th they received a letter, a copy of which is attached from the Early-Foster Brokerage Co. dated February 11th, notifying them that three cars consigned to the Webster Grocery Co. would be shipped to their care to be transited. On February 20th & 21st, three cars were shipped from Houston to the Webster Grocery Co. care of the Hobbs Transfer Co., Temple, Texas; these cars were:

L. & N. 11485, arriving February 21st.

S. P. 28079, ariving February 21st.

L. & N. 13954, arriving February 22nd.

I was informed by the warehouse at the time of arrival of these cars Mr. Foster came down from Waco, but found that the tonnage covered by the freight bills which he intended to surrender in order to transit the above cars was not available. The cars were finally shipped out, and the following bills surrendered as transit tonnage:

A. T. & S. F. 39587, shipped March 4th to Dallas on Houston tonnage L. & N. 11485.

A. T. & S. F. 38037, shipped March 4th to Rotan, Texas, on Reserve tonnage to Hobbs Bros, C. & S. 13665.

A. T. & S. F. 345737, shipped March 4th to Dallas on Reserve tonnage to Hobbs Bros, C. B. & A. 101942.

All three cars were invoiced on the Temple prepay and remittance made on that basis less 2% discount was credited to Webster Grocery Company's account April 2nd & 5th.

I examined the railroad records at Cameron, Texas, and discovered the following transactions:

On April 30th cars L. & N. 12585, L. & N. 13043, containing 58,900 and 59,000 lbs. of sugar and 10 cases of syrup each was shipped, freight collect, against the Webster Grocery Company's contract for the account of another buyer in Cameron, and reshipped on
3408 May 5th, to Webster Grocery Company, Dallas, on transit privilege surrendering expense bills on the inbound shipment of the above cars. Godchaux's records showed that remittance for these two cars had not been received to date.

I examined the records of the Patton Transfer & Storage Co. and the railroad records in Austin, Texas. These records showed that all inbound freight bills to the warehouse had been returned to New Orleans.

However, on March 17th Car T. & N. O. 50562 was shipped to a buyer in Dallas and the freight bill on A. T. S. F. 247966 shipped from Reserve to the Patton Transfer & Storage Co. was surrendered for transit. In the case of this shipment I saw a letter from Early-Foster Brokerage Co.—and a telegram from Godchaux Sugars, Inc., instructing the warehouse to make the shipment in this manner. Godchaux's records showed that this shipment was a sale of damaged sugar, which was reported to the Institute at 4.62, although the buyer was invoiced at 4.675 plus the Austin prepay of 0.495.

With reference to the feature of the complaint dealing with the handling of C. O. D. withdrawals from consigned stocks, I am attaching copies of two letters from Early-Foster Brokerage Co. instructing the warehouse involved to deliver sugars to buyers and collect for such deliveries, forwarding the amounts collected direct to New Orleans. I found only two warehouses who had handled any transactions in this manner. The American Transfer & Storage Co. of Dallas had made deliveries of 138 bags between the dates of April 4th and May 20th, and the Patton Transfer & Storage Co. had delivered 17 bags between the same dates. In both cases the warehouses remitted direct to Godchaux, although the deliveries were resales against contracts.

Yours very truly,

FRANCIS R. VAN BUREN.

3409 *Government Exhibit 437–J*

JUNE 19, 1930.

Mr. FRANCIS R. VAN BUREN,
The Sugar Institute, Inc., 414 Masonic Temple Bldg.,
New Orleans, Louisiana.

In re Your Report to Southern Committee on Shipments of Godchaux Sugars in Texas.

DEAR MR. VAN BUREN: I am giving the following reply to your report for your dissemination to the members of the Committee who received your report, and am treating same by general subjects and not by the individual cars.

1. SUGARS RECONSIGNED IN TRANSIT DURING FEBRUARY 1930 AND BUYERS NOT BILLED AT RATE TO FINAL DESTINATION, BUT BILLED ON THE RATE TO ORIGINAL DESTINATION.

The two cars mentioned to Webster were reported to us by the railroad as having arrived and been delivered at destination point. There was no report made to us of any reconsignment. Therefore we had no control of this situation, nor any knowledge whereon to set up an additional charge. The car of sugar which you mention as being shipped to the Levy Grocery Co., Marlin, Texas, and reconsigned to Oklahoma City, was shipped by us from Houston water-borne stock and 30¢ freight paid for movement from Houston to Marlin, and sugar invoiced to the buyer at 49½¢ prepay, the prevailing rate at Marlin, namely, based on 48¢ rate.

It is our understanding that the rate on sugar from Houston to Oklahoma City is 51¢. Therefore, anyone reconsigning this car to Oklahoma City would have to pay in an additional 21¢, which, added to the basis rate of 48¢ on which we invoiced this sugar, would give him a higher cost delivered Oklahoma City than for sugar shipped direct from our refinery. There was therefore no additional charge to be set up.

2. SUGAR SWITCHED FROM OUR HOUSTON TERMINAL WAREHOUSES TO BUYER IN HOUSTON AND TRANSITED OUT BY BUYER ON PREVIOUS INBOUND TONNAGE.

We find that the tonnage used by the buyer was a shipment made on December 17th contracts, on which contracts sugars were shipped direct to buyer at any destination requested, with the application of the Sugarland rate, by reason of such rate having been established as effective on the December 17th contracts by C. & H.'s announcement of January 3rd. Therefore all buyers had these old bills of lading for use if desired, and we, of course, would have no control of same, nor any record of the sugar, other than this switch movement from our water-borne stock in Houston to the buyer.

3410 3. UNETHICAL COOPERATION ON THE PART OF THE EARLY FOSTER BROKERAGE COMPANY WITH BUYERS FOR TRANSITING OF SUGAR AS MENTIONED ON PAGE 4 OF YOUR REPORT.

This subject matter is answered by Mr. Foster's statement to you as to his conduct in this regard since the pledge of March 31st. I would also call your attention to the fact that the transactions mentioned were on March 4th and the agreement on the part of the Southern Committee and the action taken by them in requesting the cancellation of outstanding warehouse expense bills was on March 11th. Therefore, this all antedated the corrective measures since applied, it being furthermore evidenced by your report and investigations that the warehouse records show no further expense bills for such manipulation. Therefore, this situation is undoubtedly completely controlled.

Therefore, there are really only three items on your report which deal with the current situation, and these I desire to treat with specifically:

On page 3 you state that you have examined the records of the W. M. Kelly Transfer and Storage Co. at Waco and find that all unused expense bills had been returned to New Orleans, yet you go on to state the following:

"On May 23d, Car R. I. 154523 was shipped to a buyer in Seymour, Texas, on Reserve, La., tonnage Car S. F. 146212 to the W. M. Kelly Transfer & Storage Co. This transaction was a resale and the original buyer was billed on the Waco prepay of 0.505."

Where you obtain the information that this transaction was a resale and the original buyer was billed at the Waco prepay of 0.505 is beyond our ability to determine, because this sugar was billed to J. M. Edwards, Seymour, Texas, at a 67¢ prepay and shipped out of our Waco stock in Rock Island 154523 Car as reported to us by the Warehouse, being shipped direct from Waco, freight collect, after the use of the expense bill mentioned by you for our benefit, and the buyer claimed on us and we paid him for the $42.28 additional freight he had to pay on the arrival of the car. Therefore, this transaction is entirely in order, and we would be pleased to have you examine our records if you desire to verify the above statements.

Mixed Cars of Sugar and Syrups

On page 4 you make mention of mixed cars of sugar and syrup which were transited by buyer. This matter was discussed at the Southern Committee Meeting, as well as having been previously discussed by our Traffic representatives with the railroad representatives, and we are definitely in receipt of information from the railroads that documents covering mixed cars of sugar and syrup cannot be used for transiting. Therefore, we feel that the transactions mentioned were handled by us entirely in accord with not only our own but the general understanding as to mixed cars of sugar and syrup, being a proper method of forwarding of merchandise to Texas.

Sales of Damaged Sugars

The transactions reported by you were entirely in order. There was no intent or endeavor to manipulate this sugar. We used our own controlled, paid expense bills, and forwarded the sugar to the destination to which we had sold same, and invoiced the sugar at a delivered cost to the buyer, in accordance with our sale to him.

3411 C. O. D. Sales

This matter was discussed in detail at the last Southern Committee meeting and, as explained at that time, our records are open to show that all of these sales were handled properly. The sugars were invoiced to the original buyers and collections credited to same, and there was no invoicing to second-hand buyers. As this matter

was thoroughly discussed, I feel that it is undoubtedly unnecessary for me to comment further.

I want to take this opportunity of thanking you for your careful and impartial investigations of these conditions and your concise presentation of same.

Very truly yours,

(Signed) J. Moog,
Senior Vice President.

3412 *Government Exhibit 437–K*

JULY 2D, 1930.

Mr. G. M. TALMAGE,
c/o L. C. Watkins & Co., Columbus, Ga.

DEAR SIR: Lou Strattman, of C. & H., and I went over to see Van Buren, of the Institute, yesterday morning about the Ritchie houses and what Godchaux is doing for them. Lou has a pretty strong card, but I suggested that I had better write you and get a statement in writing of just what you could testify of your own knowledge or what any of our brokers could testify of their own knowledge. As a matter of fact, you will probably not be called on for such definite testimony, but it could be used as a basis for a formal complaint made by us and the C. & H. I think Lou Strattman's idea is alright, that if we can make a complete case which will justify an investigation of the Ritchie contracts on file in Godchaux's office, it can easily be determined once and for all how they read, how they are filled, and if any deductions were made, as well as what brokerage and the like was paid and to whom. As soon as you get a chance, please drop me a letter along the line indicated above.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3413 *Government Exhibit 437–L*

THE AMERICAN SUGAR REFINING COMPANY,
New Orleans, Louisiana, August 11, 1930.

Mr. R. S. STUBBS,
Vice President American Sugar Refining Company,
New York, N. Y.

DEAR MR. STUBBS: I have your letter of August 17, which is in reply to my letter of July 15 in connection with the Thompson-Ritchie situation.

Since then, on account of a complaint made by C. & H. here, Mr. Van Buren, the Institute investigator, has been investigating this relationship between Godchaux and Thompson-Ritchie but without developing anything excepting that the sales are supposed to be

made to Thompson-Ritchie through the Arkansas Brokerage Company located at Pine Bluff, Ark.

Another very significant thing in connection with this is the fact that Mr. Thompson, located at Alexandria, Louisiana, does all of the buying of sugar. No guesswork about this statement; Mr. Thompson made the statement to me personally when I talked with him on the subject, and the Thompson-Ritchie people have no branches even in Pine Bluff; so is it not very peculiar that they would be selling the Thompson-Ritchie Company through a brokerage firm located where there are not even any branches of the Thompson-Ritchie Company.

No one gets any business from this outfit excepting Godchaux, and Godchaux's sugar meets with more sales resistance than any other in the territory where it is handled by Thompson-Ritchie.

Yours very truly,

H. H. BARKERDING, *Sales Manager.*

(American files.)

3414 *Government Exhibit 437–M*

Memorandum

AUGUST 12TH, 1930.

To: Evan T. Fisher.
From: Fred G. Taylor.

Mr. Ellingson called regarding a 10,000-bag barge shipment of Spreckels' sugar which reached Johannes Bros., at Green Bay, the week of July 28th. His informant suspects that Johannes Bros. got barge rate.

I checked Spreckels' records and found that the contract was dated June 16th, nonguaranteed form. It was invoiced at 4.50 basis, with 56.2 freight application on bags, and 59.4 on barrels and containers. Cash book indicated that full payment of invoice had been made on this basis.

I reported this by telephone to Mr. Ellingson and am giving you the information in case the question arises from any other source.

FGT/FW.

3415 *Government Exhibit 437–N*

SEPTEMBER 3, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

GENTLEMEN: We have information which we regard as unusually accurate that Colonial has sold certain of the trade in Tennessee and Arkansas at barge rates on sugars originally shipped by barge for the refiners' own account and diverting in transit to customers.

The facts of the matters should be easily ascertainable by your investigators, and we request that prompt and thorough investigation be instituted.

Yours very truly,

CALIFORNIA AND HAWAIIAN SUGAR
REFINING CORPORATION, LTD.
W. B. T.

(C. & H. files.)

3416 *Government Exhibit 437–O*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, September 5, 1930.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORPORATION,
215 Market Street, San Francisco, Calif.

GENTLEMEN: We have received your letter of September 3rd calling our attention to sales by Colonial in Tennessee and Arkansas at *barge rate.*

This matter will be promptly investigated and we will advise you in due course.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER, *Office Manager.*

(C. & H. files.)

3417 *Government Exhibit 437–P*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, October 17, 1930.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORP'N,
215 Market Street, San Francisco, Calif.

GENTLEMEN: With further reference to your letter of September 3rd regarding sales of Colonial sugar in Tennessee and Arkansas on the barge rate, Mr. van Buren is now in a position to investigate this provided you can give us more information.

The Code, as you know, under Section I, Page E1, Paragraph 1, provides for the opening of a refiner's records regarding any specific transaction. If you can give us the names of buyers, we will be very glad to investigate this; otherwise we cannot do so under the provision of the Code of Ethics.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
EVAN FISHER, *Office Manager.*

(C. & H. files.)

3417½ *Government Exhibit 437–Q*

[Telegram]

OCTOBER 27, 1930.

SEAVEY AND FLARSHEIM BROKERAGE COMPANY,
Kansas City, Missouri:

August twenty-second Puryear wrote you regarding Colonial sugars in transit via barge being offered Shibley and Arkansas Grocer to be diverted barge rate applying Stop. Institute advises now in position investigate if we can furnish names of buyers. Have we your permission use these names?

CALIFORNIA AND HAWAIIAN SUGAR
REFINING CORPORATION, LTD.

(C. & H. files.)

3418 *Government Exhibit 437–R*

[Telegram]

KANSAS CITY, MO., *Oct. 27, 1930—3: 10 p. m.*

CALIF. AND HAWAIIAN SUGAR REFINING CORPN.,
San Francisco, Calif.:

You may furnish Institute buyers' name Shibley and Arkansas Grocer Company.

SEAVEY AND FLARSHEIM BROKERAGE CO.

(C. & H. files.)

3419 *Government Exhibit 437–S*

M. J. KELLNER,
Springfield, Ill., November 20th, 1930.

Mr. J. MOOG, Sr.,
Vice Pres. Godchaux Sugars, Inc.,
Suite 2130, 120 Wall Street, New York City.

3420 DEAR MR. MOOG: Now, in regard to the Kroger contract, I am writing Sigel the amount he has left, and I will call him Friday morning, and if he doesn't give me instructions I will wire you and would appreciate your calling him and explaining to him that under the present rules of the Institute he must give us instructions—but I tell you, Chief, that Colonial is not insisting on it—because I have talked to him every day for the last week, and he really got a little sore, because naturally I am after shipping instructions, and he told me I was the only one that was so insistent on these shipping instructions. I told him other Refiners were also insisting, and he snapped back at me, "Not all of them." Now, please don't mention this to him, but from that I could see that he no doubt has Colonial contracts, and they are not insisting on his draw-

ing them out, and, believe me, Chief, with the Colonial people not supporting the Institute 100%, it certainly must make it hard for you in the Southern territory, and it is hard for us with the Kroger business.

In regard to Chinal's report, you have no idea how badly I feel, but honest, Chief, you can never even begin to realize what it means to work for five weeks with an *unscrupulous rat* like that hanging around. You know the large amount of details we handle and the large amount of letters we send out, and it was humanly impossible to watch every move he made. As I explained to you on the phone, we did everything possible—but there should be one good reaction, and that is, that the Institute should realize that with the letters he took—that we did not try to *hide anything*—and when I think
3421 of what he found in Detroit, Indianapolis, Kansas City, and St. Louis—not from any conversation, but from his records that he accidently left at the hotel—I wonder how the Institute can even criticize the details he found here. Of course, they were wrong, but my God, Chief, what's 50 bags compared to thousands that were held in fake warehouses that were created, and to the many big violations that these larger brokers did? I am not hiding behind them, but if he had not found anything, the Institute would swear that we had everything planned. I even showed him our personal file—although I should have wired you—but I thought the Institute would realize my desire to work with them, and believe me, I don't want to go through such five weeks again.

This man absolutely doesn't know what he is doing half the time. He flies around without any attempt at system. He drinks a little too much for his own good, and I hope he also made copies of the Kroger letters, and if he did not, then the Institute should know that he did everything possible to hurt us, and I wish you would see that he returns those original Kroger letters that he took. Please make a note of this, as I don't know where to reach him, and he promised to return them.

I am sorry Chief, that I have caused you any trouble, but away down in my heart, I tell you, and I would shout it from the housetops, that myself and my men have seen violations so bad, that what we do pales into utter insignificance. But again, I say, that is not a reason for us to do it, and in conclusion, let me say to you fearlessly, that if every broker in American was to handle his warehouses, and his general conduct and business like we are doing, there would be no need of any enforcement committee of the Sugar Institute.

We have not only tried to conduct our business properly, but we have done thousands of dollars worth of work, talking to our buyers and selling the Sugar Institute to them. Even some of our
3422 larger buyers have criticized us, and Otto Mattern one day laughingly said that he thought I was on the pay roll of the

Institute, because I am a firm believer in it, and believe it has bettered the condition of everyone, in spite of the bad violations I have seen, and which you and I know are going on today, especially by the Colonial Company.

Very sincerely yours,

BILL.

(Godchaux files.)

3423 *Government Exhibit 437–T*

GODCHAUX SUGARS, INC.,
New Orleans, Jan. 13th, 1931.

Mr. J. MOOG,
New York City.

DEAR MR. MOOG: Your letter of the 10th, with reference to the Institute investigator's report covering the investigation of Fisher, received.

I want to assure you that we are going to be very careful and guarded in our correspondence, and I am also going to tell in person to everyone of our brokers that they must do likewise, because it is in brokers' offices that questionable correspondence has been picked up.

Frankly, this looks to me like another instance of "making a mountain out of a molehill." I dare say that it is common practice amongst refiners to accept orders to be entered in case of an advance, or, at least, their brokers advise them of what orders they have to be entered on this basis, just as some of ours have been advising us. On the very face of it, if a broker takes a vestpocket order he is expecting protection from his principal.

Of course, what the investigation of Fisher was for was in connection with possible deliveries of sugar by the Lamppin Warehouse, but just as previous investigations showed, the records were absolutely clear.

To use Kellner's expression, "it makes my blood boil" to think how we and our brokers are continually being investigated and how we are brought to task about violations of such minor rules.

I just wondered what would be developed by an investigation of the records of such fellows as Pickrell & Craig, of Louisville. By the way, if you want some evidence for having an investigation of that sort started, I am enclosing a letter addressed
3424 by them to one of their customers in connection with the handling of resales.

Van Buren was in here today to make another investigation in connection with a car of our sugar delivered in Knoxville, but our records were O. K. I asked him the question of what, if any, of the New Orleans refiners he had investigated since he has been in New Orleans, and his reply was that the only investigations outside of our office that he made was on one occasion, in Henderson's

office, in connection with delivery dates on some contracts. It would probably do a lot of good if some of these other refiners were checked up once in a while. I don't mean to say that two wrongs make a right, but it is certainly exasperating to be continually picked on by investigation of these small matters.

Yours very truly,

PAHN.

(Godchaux files.)

3425 *Government Exhibit 437–U*

MURPHY & MURPHY,
Green Bay, Wisconsin, April 25, 1931.

GODCHAUX SUGARS, INC.,
New Orleans, La.

GENTLEMEN: Relative to your day letter of yesterday requesting us to make available to the Institute Investigator any information pertaining to your sugars in the Commercial Warehouses, Eau Claire.

We have complied with your request and Mr. Spencer is now checking our records.

Concerning our refusal to allow Mr. Spencer to go through our files we may state here that any authorized investigator of the Institute, any member of Godchaux, or any member of Lowry & Co. have immediate access to our stock records, warehouse releases, and warehouse reports.

May we further state, however, that no Institute Investigator or any employee of Godchaux or any employee of Lowry & Co. has a right to go through our correspondence files.

The personal affairs of Murphy & Murphy are contained in the above referred to files. We handle confidential matters for many other accounts such as California Packing Corporation, Hills Bros. Co., and Planters Nut & Chocolate Co., and many others, and in all justice to our principals we are not divulging any information our files contain to anyone. None of our grocery accounts, gentlemen, are privileged to examine our correspondence files. It is none of their affair how much Godchaux sugars we sell and who we sell it to.

Our stand in this matter is definite, but should investigators wish any particular parcel of correspondence, they may request same, and we will secure it for them. However, entree to our files in general will not be given to anybody without a court order.

3426 We trust that this is clear to you and that you will report our position to the Institute as well as to Mr. Moog. We do not want you or any of the other parties concerned to think that by refusing Mr. Spencer the right to go through our files, we had anything to hide because, as above stated, as soon as your wire was re-

ceived, correspondence on the Commercial Warehouses and the handling of your sugars was immediately delivered to the Investigator.

Yours very truly,

MURPHY & MURPHY,
T. S. MURPHY.

(Godchaux files.)

3427 *Government Exhibit 437–V*

APRIL 29, 1931.

Mr. T. S. MURPHY,
Murphy & Murphy, Green Bay, Wisconsin.

DEAR MR. MURPHY: Mr. Bertoniere has forwarded me your letter of April 25th addressed to our New Orleans office, and I hasten to advise you that the position you took is absolutely correct.

Mr. Spencer has no right to go on a "fishing expedition" by going through your general files. The only thing that he has the right to ask for is for any files of correspondence or data pertaining to our sugars which are or have been on storage with the Commercial Warehouse at Eau Claire, Wisconsin.

I am pleased to note by your letter that you are making such information available to him.

Very truly yours,

Senior Vice President.

J. Moog.
W. H. F.
Copy to Mr. Bertoniere.
(Godchaux files.)

3428 *Government Exhibit 437–W*

THE SUGAR INSTITUTE, INC.,
July 7, 1931.

Re Murphy & Murphy

For confidential information of executive committee only.

The following is a Summary of Godchaux's Reply on Murphy & Murphy:

In replying to Mr. Spencer's report on Murphy & Murphy, Green Bay, Wisconsin, Godchaux Sugars has answered each specific charge of irregularity as shown in the report. The report does not pretend to show all the irregularities, and the cases cited by Mr. Spencer are merely examples to show what he believes to be a general practice. This is clearly set forth in his report.

Considering Godchaux's reply item by item, we wish to make the following comments:

Contract cancellation.—Godchaux states that some of the items mentioned by Spencer are incorrect and that all the deliveries were not shown in some instances in the Institute's report. They do, however, admit that a number of contracts were cancelled and generally make the statement that the price was either higher or the same at the time the contract was cancelled as when it was entered, so that the buyer received no advantage through the cancellation.

The Code interpretations specifically state that members are requested to report to the Institute all cancellations of contracts or portions thereof for any reason whatever. The Code further states that if the contract is cancelled for credit reasons and the buyer's name removed from the refiner's list, the customer's name should be circularized as a credit item. These contracts were not reported by Godchaux even when cancelled for credit reasons.

Delaying reporting of deliveries by brokers.—Without going into details Godchaux's reply indicates that in a number of instances there is evidence of correction of the date on the warehouse delivery ticket. Godchaux also show in some instances that their records do not show delivery made to the same buyer that the broker's records indicate. Item 11, for instance, Mr. Spencer shows deliveries to Loody Markets against a contract of W. A. Gillmore, Godchaux's records show delivery to the Northeastern Specialty Company.

Sales of damaged sugar.—Godchaux's reply to this portion of the investigator's report shows that all the sales of damaged sugar listed by the investigator were reported to the Institute. This had not been questioned, and the investigator states that he listed these sugars merely because such frequent sales of sugars which had been in the warehouse a short time looked peculiar.

Extension of discount period.—Godchaux's reply shows that in some instances the discount was taken after the discount period. We call your attention to the last paragraph of the Credit Manager's analysis of the Institute's report from which we quote.

"I have never liked the way Murphy has handled his cash sales * * * I believe he has been playing with our money, and I have determined to cut out any cash business whatsoever with him."

"*Northeastern Specialty Co.*—Mr. Moog has reported to us that he is not yet ready to answer the charge that the Northeastern Specialty Company is a dummy set up by Murphy & Murphy. Mr. Moog has taken this matter up with Murphy, but has not yet received a reply."

(Godchaux files.)

3429 *Government Exhibit 437–X*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, July 10th, 1931.

File Nos. B–19 D, W–252a.

MR. CHARLES GODCHAUX,
Godchaux Sugars, Inc., 1012 Masonic Temple Bldg.,
New Orleans, La.

DEAR MR. GODCHAUX: In considering the report of the alleged irregularities on the part of Murphy & Murphy, at the Executive Committee meeting yesterday, it was the consensus of opinion that this concern had—

1. Delivered your sugars to other buyers than those named in the covering contracts, and conspired with the warehouse to delay reporting such sugars; and
2. Withheld the c. o. d. payments for their own use as much as 25 days, which is equivalent to merchandising sugar; and
3. That they are operating a dummy merchandising agency known as the "North Eastern Specialty Company."

In respect to the Commercial Warehouse, it appears they have been guilty of changing delivery dates on delivery notices and peddling unsold sugars, which is also equivalent to merchandising.

The Committee desires us to inquire of you as to whether or not any of these alleged irregularities have been done with your knowledge or consent. We will appreciate an early reply.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice Secretary.

C. C./Mr. Moog.

(Godchaux files.)

3430 *Government Exhibit 437–Y*

SEPTEMBER 3, 1931.

MR. W. W. PATTERSON,
The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

Murphy & Murphy—Complaint against Godchaux sugars.

DEAR MR. PATTERSON: I am sorry, but I am compelled to except to your résumé of September 2d as to the accusations against our company in the above-mentioned matter, because you have not fully availed yourself of all of the detailed data given to Mr. Taylor on this subject by my letter of July 2d, with which I handed to him the original correspondence with our New Orleans office.

Cancellation of contracts

You state that we admit the cancellation of part of the contract with the Bruley Elevator, Item No. 1, which is correct, but you fail to state that the correspondence which I submitted as above stated, showed by our letter of November 18th as follows:

"We have your letter of recent date regarding the Bruley Elevator Co. In view of your advice we are cancelling the balance due these people on their contract of August 29th. We regret to have to take this step, but we do not care to sell Bruley in the future."

This was the culmination of continuous correspondence in an endeavor to enforce this contract.

Therefore, our company is only technically at fault in simply failing to report the action of having discontinued selling the Bruley Elevator to the Institute.

You state that we admit Item No. 7, Cancellation of 182 bags. This, also, is not fully correct, because while the statement furnished you said that there was a cancellation of 182 bags, it continued to state furthermore that the Institute did not show in their report all of the delivery tickets, and also deliveries were erroneously applied against other contracts, and when making the necessary corrections in applying the tickets against the contract (which tickets had been applied as new business in error and not against the contract) it would make the delivery in full of the amount entered. In
3431 other words, this was simply an error in our New Orleans records of taking deliveries in as new business instead of applying them against the contract while the contract was still open.

You also state under Item 8 that we admit contract cancellations, but you do not go on to state, as per the information given the Institute in the above-mentioned letter, that there was a notation made on the contract record in New Orleans that the balance was cancelled on account of mix-up on previous contract. In other words, this again was another situation of the wrong application between contracts.

On No. 11 our New Orleans office admits the cancellation of this contract and states that it was in error.

Therefore, on the entire question of cancellations of contracts, there is only one item admitted, and that was due to erroneous record keeping, and no intent to benefit anyone.

Extending guarantee after contract had expired

Under this you raise the point that on the 42d day the guarantee expired and unless called at the new basis before due date, the undelivered balance would be invoiced at the entry price, regardless of the market.

At the time of the 42-day expiration, we automatically call all said contracts, because we have previously given notice to the Institute at the Directors' Meeting of December of our company's policy as re-

gards the enforcement of deliveries of contracts within the 30- or the 42-day periods, respectively.

I also call your attention to the verification of the above facts by your statement made that on March 3d and March 10th deliveries were made against these contracts at $4.50. Had we been permitting the continuation of the decline on these contracts, the March 10th delivery should have been billed at $4.40, because that was the price which was established effective March 5th.

Allowing discounts after discount period had expired

This, as you state, was a matter of two- or three-day periods, and therefore is really not worthy of discussion.

Extending delivery date

My previous statement in this letter as regards our company's policy on the enforcement of contracts on due date covers this situation.

Very truly yours,

J. Moog.

(Godchaux files.)

3432 *Government Exhibit 437–Z*

[Letterhead of California and Hawaiian Sugar Refining Corporation, Limited]

San Francisco, *June 2, 1931.*

Mr. Fred G. Taylor,
Executive Secretary The Sugar Institute, Inc.,
129 Front Street, New York City.

Dear Sir: On or about April 24th the Kansas City Coca Cola Company purchased 900 bags of sugar at a basis of $4.20, which according to our information is lower than the open and publicly announced price of any sugar refiner. The individual who placed this order stated that the sugar was in good condition. We have ascertained that 500 bags thereof were Godchaux sugars which were stored at the Evans Warehouse in Kansas City. We do not know what brand constituted the balance.

Your report of sales of damaged sugar and frozen stock for the month of April 1931 does not show this transaction. We request that an early investigation be made, with a view to ascertaining which refiner or refiners secretly departed from their open terms and prices publicly announced, and we further request that the source of the within complaint be kept in strict confidence by you.

Yours very truly,

California and Hawaiian Sugar
Refining Corporation, Limited,
Wm. B. Tyler.

3433 *Government Exhibit 437–A1*

[Copy]

JUNE 16, 1921.

Mr. T. L. SPENCER,
8550 Dumbarton Road, Detroit, Mich.

DEAR MR. SPENCER: On completing your investigation at Sparta proceed to Kansas City. A member has informed us that on or about April 24th the Kansas City Coca-Cola Company purchased 900 bags of sugar at a basis of 4.20, which, according to the open public announcements on file in this office, was lower than any member's price at that time. It is alleged that the individual who placed this order stated that the sugar was in good condition, which would obviate the possibility of this being a sale of warehouse-set or damaged sugars.

It is stated that 500 bags of the total were Godchaux's sugars and were withdrawn from the Evans Warehouse in Kansas City. We have not been able to ascertain the brand constituting the balance.

In following this matter through it may be advisable to secure not only the warehouse records but also the corresponding records lying in the broker's office. We suggest that you secure photostatic copies of the Warehous Withdrawal Orders, D/C's, etc.

On completing this investigation, please wire this office for further instruction.

With kindest regards, I am
Very truly yours,

W. W. PATTERSON.

3434 *Government Exhibit 437–B1*

KANSAS CITY, MO., *July 7, 1931.*

THE SUGAR INSTITUTE,
129 Front Street, New York, N. Y.

Private and confidential

GENTLEMEN: As instructed, I investigated a report to the effect that on or about April 24th Kansas City Coca-Cola Company purchased 900 bags of sugar at a basis of $4.20, which, according to open public announcements, was lower than any member's price at that time.

The enclosed photostatic copies of warehouse records, with the corresponding broker's records, show that on April 22, 1931, Godchaux Sugars, Inc., sold to Kansas City Coca-Cola Bottling Company 500 bags of sugar at a basis of $4.20. The broker was Barney & Company, Inc., address 934 Mulberry Street, Kansas City, Mo., and the sugar was withdrawn from the Evans Transfer and Storage Warehouse, address 1325 St. Louis Avenue, Kansas City, Mo.

The photostatic records referred to are as follows:

Warehouse records

1. K. C. Coca-Cola Bottling Co. "pick-up" order, dated 4/22/31, addressed to Barney & Co., care of Evans Warehouse, authorizing delivery of 500 sacks cane sugar as per contract.

NOTE.—Although buyer's pick-up order states "as per contract", Mr. Barney stated that this was a spot sale and that he had no knowledge of the contract referred to.

2. Warehouse copy of Godchaux' Warehouse Delivery Advice, showing delivery of 500 100# bags Fine Gran. Sugar to K. C. Coca-Cola Bottling Company.

3. Evans Transfer & Storage Company's delivery tickets,
3435 showing buyer's signatures, dated 4/22/31, covering delivery of Godchaux sugars to K. C. Coca-Cola Bottling Company, as follows:

Warehouse	Ticket	#9492	for	100	towel	bags
"	"	#9496	"	100	"	"
"	"	#9502	"	100	"	"
"	"	#9530	"	100	"	"
"	"	#9550	"	100	"	"
		Total		500	"	"

4. Evans Transfer & Storage Company's Receiving Report #1730, showing contents and condition of car I. C. 164806 on arrival at Warehouse 1/29/31.*

5. Evans Transfer & Storage Company's Receiving Report #1762, showing contents and condition of car L. & N. #7775 on arrival at Warehouse 2/13/31.

Broker's records

1. Letter from Godchaux Sugars, Inc., dated April 7, 1931, to Barney & Company regarding Cars I. C. 164806 and L. & N. 7775.

2. Barney & Company's letter dated April 9, 1931, replying to Godchaux' letter of April 7, 1931.

3. Godchaux' letter dated April 14, 1931, replying to Barney & Company's letter of April 9, 1931.

4. Godchaux' telegram to Barney & Company accepting Coca-Cola Bottling Company's offer at $4.20.

5. Broker's copy of Godchaux' Warehouse Delivery Advice covering delivery of 500 bags sugar to K. C. Coca-Cola Bottling Company.

6. Broker's copy of Godchaux' invoice #3726, showing sale of 500 bags sugar to K. C. Coca-Cola Bottling Company, as of 5/4, at basis of $4.20.

In addition to the sugar sold to Kansas City Coca-Cola Bot-
3436 tling Company on April 22, 1931, there was sold to Fox Products Co., of Kansas City, on April 28th, 30 bags of Godchaux Sug-

* Warehouse Receiving Report is dated Jan. 29/30, this should be Jan. 29/31.

ars at a basis of $4.35. Mr. Barney, of Barney & Company, stated that this was a spot sale. Sugar on April 28th was said to be $4.40 basis. Enclosed photostatic copies of Barney & Company's records covering the 30 bags sold are as follows:

1. Broker's copy of Godchaux Warehouse Delivery Advice, dated 4/28/31.

2. Broker's copy of Godchaux invoice #3727, showing date of sale as 5/4.

Examination of Evans Transfer & Storage Company's tickets showed that all deliveries of Godchaux sugars other than the 530 bags mentioned, have been made to the Great A. & P. Tea Co. at Kansas City, in varying small amounts, through W. H. Edgar & Son, of Detroit, Mich.

I examined the 142 toweling bags from Car L. & N. 7775 and the 146 double bags from Car I. C. 164806, still in the Evans Transfer & Storage Company warehouse. This sugar appears to be in excellent condition.

In my efforts to uncover additional sales to Kansas City Coca-Cola Bottling Company during the months of April and May 1931, I visited the following Kansas City warehouses: Scott Warehouse; H. H. Smith Warehouse; Crooks Warehouses; Central Warehouse; Liberty Warehouse; Adams Transfer & Storage Warehouse; Murray Transfer Co. Warehouse; United Warehouse; South West Warehouse.

Some of the warehouses I visited are no longer handling sugar. Others have made deliveries to Kansas City Coca-Cola Bottling Co. from time to time, but on following up such deliveries through the various brokers' officers, I found that all those sugars had been applied against bona fide contracts entered at the time of a change in market, and that the contract price had been adhered to in all cases.

3437 The above report was prepared from various records and placed at my disposal. I endeavored to the best of my ability to collect only facts and record various conversations correctly, and herewith submit the report without prejudice for the private and confidential information of the officers and members of the Sugar Institute.

Respectfully submitted.

T. L. SPENCER.

3438 *Government Exhibit 437–C1*

DETROIT, MICHIGAN, *July 7, 1931.*

Mr. EVAN FISHER,
The Sugar Institute,
129 Front Street, New York, N. Y.

DEAR MR. FISHER: While I was in Kansas City a certain broker told me that Mr. Simmons, of the Kansas City Coca Cola Co., told

him that the Kansas City Coca Cola Co. had arranged to purchase a thousand bags of sugar at a concession. This amount, he said, would last them until September. The broker did not know the brand, but no doubt you will hear more of this after the sugar has been delivered.

I spoke to Mr. Simmons over the telephone and asked him what brands of sugar he uses. He replied that he uses different brands, but he could not remember buying any such amount as 900 bags around the latter part of April or early in May.

If you should find it necessary to send me back to Kansas City later, I think it would be a good idea to furnish me with a list of warehouses storing sugar in that city.

Very truly yours,

T. L. SPENCER.

3439 *Government Exhibit 437–D1*

[Copy]

JULY 8, 1931.

Mr. J. MOOG,
Godchaux Sugars, Inc.,
120 Wall Street, New York City.

MY DEAR MR. MOOG: Since phoning you I have received the photostats herewith and note that the 500-bag sale referred to is invoiced as damaged sugar. The 30 bags invoiced to Fox Products on the same day, however, were not so invoiced. In view of the fact that a substantial part of your consignment at this warehouse was sold to the A. & P. at regular prices and that the remaining balance was reported to be in good condition, would indicate that your broker had deceived you in claiming that the sugar was sufficiently damaged to justify a price concession. This is further substantiated by the statement of the purchaser quoted by the complainant. The following are excerpts from the complaint:

"On or about April 24th the Kansas City Coca Cola Company purchased 900 bags of sugar at a basis of $4.20, which, according to our information, is lower than the open and publicly announced price of any sugar refiner. The individual who placed this order stated that the sugar was in good condition. We have ascertained that 500 bags thereof were Godchaux sugars which were stored at the Evans Warehouse in Kansas City. We do not know what brand constituted the balance.

"Your report of sales of damaged sugar and frozen stock for the month of April 1931 does not show this transaction. We request that an early investigation be made, with a view to ascertaining which refiner or refiners secretly departed from their open terms and prices publicly announced, and we further request that the source of the complaint be kept in strict confidence by you."

Our interest is not one of assuming to pass on the validity of your damaged sugar sales, but to promote disposition or explanation
3440 of the matter that will be at least measurably satisfactory to the complainant.

Please return file with comments when you have reviewed it.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

3441 *Government Exhibit 437–E1*

[Copy]

M. 539

JULY 9, 1931.

CALIFORNIA & HAWAIIAN SUGAR REFINING CORP'N,
215 Market Street, San Francisco, Calif.

GENTLEMEN: We are attaching hereto a private and confidential report of Mr. Spencer's in the matter of the alleged irregular sales of sugar at Kansas City "on or about April 24th."

The report is largely self-explanatory, but Mr. Moog has given us some verbal explanations in the matter which seem sufficiently important to relay to you. In the first place, he states that these 500 bags of sugar should not have been invoiced as damaged sugar, but that in reality they were "Frozen stock" as indicated by the correspondence exchanged between Godchaux's Sales Office and Barney & Company, the brokers who handled the transaction. Mr. Moog states that his Sales Office labored under the impression that a new definition had been given for frozen stocks which covered just such situations as the one herein reported. He, of course, refers to the recommendations that were made in this matter in February and that were voted down at our May 21st Directors' Meeting.

In addition to this item there are two others that are not satisfactorily explained and upon which we await further report. The first being delayed billing on the 500 bags which were sold on April 22nd and billed on May 5th and the second being that of the 30 bags billed at 4.35 when Godchaux's announced price was 4.40. Mr. Moog has asked his office for a report on these items and is of the opinion that these 30 bags were invoiced in error.

We shall await your advices as to whether you want this matter brought to the attention of the Executive Committee.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

3442 *Government Exhibit 437–F1*

[Letterhead of California and Hawaiian Sugar Refining Corporation, Limited]

SAN FRANCISCO, *July 16, 1931.*

Mr. FRED G. TAYLOR,
Executive Vice Secretary, The Sugar Institute, Inc.,
129 Front Street, New York City.

MY DEAR MR. TAYLOR: Thank you very much for your letter of July 9th in answer to ours of June 2d concerning certain activities of Godchaux in Kansas City "on or about April 24th."

We believe that this matter should be presented to the Executive Committee.

Yours very truly,

CALIFORNIA AND HAWAIIAN SUGAR
REFINING CORPORATION, LIMITED.
WM B. TYLER.

3443 *Government Exhibit 437–G1*

[Copy]

JULY 27TH, 1931.

Mr. J. MOOG,
Godchaux Sugars, Inc., Masonic Temple Building,
New Orleans, La.

File No. M. 539

DEAR MR. MOOG: I transmitted to the complainants the investigator's report covering the alleged irregular sale of 500 bags of sugar to the Coca-Cola Company at Kansas City, and reported to them the explanation you gave me of the transaction over the telephone. With this transmittal I stated: "We shall await your advices as to whether you want this matter brought to the attention of the Executive Committee." Under date of July 16th we received a letter from the complainants in which they state "We believe that this matter should be presented at the Executive Committee."

I accordingly verbally presented to the Executive Committee the substance of the investigator's report, with the supplemental statement by your goodself stating that the sugar should really have been sold as frozen stocks rather than as damaged sugar.

I mentioned to the Committee that you felt there has been a tacit understanding that the Code Rulings on frozen stocks had been in some manner modified to cover such cases as the one reported.

After some consideration the Committee found that the sale was not made in accordance with the provisions of the Code of Ethics.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

c. c. N. Y. office.

3444 *Government Exhibit 437–H1*

(Letterhead of California and Hawaiian Sugar Refining Corporation, Limited)

SAN FRANCISCO, *August 4, 1931.*

M. 539

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York City.

Re sale of damaged sugar by Godchaux to Coca-Cola Bottling Company, Kansas City, Missouri.

GENTLEMEN: The minutes of the Executive Committee of July 23d indicate that this matter has been acted upon by that Committee. Although we have received copy of the investigator's report, we have not received a copy of Godchaux' reply.

I shall appreciate it if you will send a copy of Godchaux' reply to me under personal cover at your early convenience.

Yours very truly,

WM. B. TYLER.

3445 *Government Exhibit 438*

THE NATIONAL SUGAR REFINING CO., OF NEW JERSEY,
129 Front Street, New York, N. Y., December 3, 1930.

MR. FRED G. TAYLOR,
Acting Executive Secretary, The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.
(Attention Mr. W. W. Patterson.)

DEAR SIR: Replying to Institute letter of November 21 requesting information with reference to sugar traffic moving from New York to Connecticut points.

We are pleased to advise that except at Hartford and East Hartford, Conn., and as explained below, where the New York water rate of 18¢ per hundred pounds, actual rate, applies on both rail and water shipments, we have not in effect any rate covering carload lots or less-than-carload lots to any of the Connecticut ports either for distribution or otherwise. The general selling basis applicable to business in this State is the New York or Boston rail rate or the New York water rate where shipments actually move all water. In connection with certain water shipments to New Haven, Conn., where consignee wishes to have sugars switched from dock to warehouse, at consignee's request we are prepaying the switching charge and adding such charge intact to our invoicing as an addition to the water rate applying to dock at New Haven.

At the very eastern end of the State of Connecticut, approximately on the border line between that State and the State of Rhode Island, there are several relatively small towns to which our sugars are delivered by truck on a store-door delivery basis, such deliveries being accomplished from Providence on the basis of the 22¢ store-to-store drop delivery rate in effect at that point. These Connecticut points are apparently points at which chain-store units centering at Providence and purchasing their supplies through Providence have branches. Sugar purchased through Providence is, therefore, distributed to points under the Providence jurisdiction.

This situation as intimated, overlaps slightly into the eastern part of the State of Connecticut. The delivery of our sugars to these points is made possible due to the relatively large volume of sugar regularly distributed in the immediate vicinity of Providence,
3446 and possibly due to the fact that the Trucking Company is in a position to handle other commodities to these same points. We are not in a position ourselves to control these latter factors, nor are we in a position to definitely establish delivery rates at the Connecticut points referred to. This business, so far as we are concerned, is business delivered at the Providence basis and we do not consider that we are in a position to limit the distribution which is required and which does not entail any additional expense on our part.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.,
V. K. RAYMOND, *Traffic Manager.*

3447 *Government Exhibit 438–A*

BILL: This is a copy of the letter Mr. Raymond refers to.

3448 *Government Exhibit 438–B*

11/21/30.

MR. RAYMOND: In reference to Sugar Traffic moving from New York to Connecticut points, will you please advise us if you have any rate in effect covering carload lots, also less than carload lots, going to any or all ports for distribution.

We would also thank you for rate you may be applying, if any, for store-door delivery at interior points.

W. W. PATTERSON.

3449 *Government Exhibit 438–C*

THE SUGAR INSTITUTE, INC.

Disposition slip

Have written Raymond. Awaiting answer.

3450 *Government Exhibit 438–E*

Summary of Arthur L. Johnson & Co., Connecticut

After a careful review of the report in this case, we feel that the following points merit attention and discussion by the Executive Committee:

1. (Page 1 of the Report.) We believe that the refiner is at fault in not announcing store-door delivery to interior points in Connecticut, as the report clearly shows that store-door deliveries are being made on rates which have not been announced.

2. (Page 4 of the Report.) We believe that there is a possibility that Arthur L. Johnson & Co. is interesting itself in the transportation of sugar contrary to the Code of Ethics, although the report does not definitely prove it.

3. (Page 4 of the Report.) We believe that Arthur L. Johnson & Co., in connection with the contract entered with the Connecticut Fruit & Grocery Company, were merchandising sugar.

3457 *Government Exhibit 438–G*

Exhibit "A"

This is a copy of the Starin New Haven Line "Boat and Motor Truck Joint Freight Tariff No. 5" and is on file with the Institute.

Exhibit "B"

Starin New Haven Line R. A. 47

Sugar: In Barrels, Bags, or Cartons in carload lots (Min. Wght. 40,000 lbs.) from Starin Line, Pier 13, N. R., New York City, to the following Inland Points in the State of Connecticut and including store-door delivery by motor truck from Starin Dock, New Haven, Conn.

To Ansonia, Beacon Falls, Derby, Naugatuck, North Haven, Seymour, Shelton, and Wallingford, 20¢ per 100 pounds.

To Bristol, Cheshire, Durham, Forestville, Hartford, Meriden, Middletown, Milldale, New Britain, Plainville, Plantsville, Southington, Terryville, Thomaston, Waterbury, and Watertown, 22½¢ per 100 pounds.

To Winsted, 25¢ per 100 lbs.

Effective March 20, 1930.

Exhibit "C"—Memoradum

New York to dock at New Haven—12½¢ any quantity.
Store-door delivery at New Haven—
Carload, 5¢ per 100.
5 bags, 7½¢ per 100.
Under 5 bags, 10¢ per 100.
Minimum, 25¢.

3458 *Government Exhibit 438–H*

DECEMBER 12, 1930.

NATIONAL SUGAR REFINING CO.,
129 Front Street, New York, N. Y.
(Attention Mr. V. K. Raymond.)

GENTLEMEN: We have your letter of December 3rd relative to your selling basis in the State of Connecticut.

You have gone on record with the Institute that your selling basis in this State is the "New York or Boston rail rate, or New York water rate where shipment actually moves all water." However, your letter states that certain points in the Eastern end of Connecticut are served through Providence on the basis of 22¢ store to store drop delivery in effect at that point. Thus, your announced selling basis does not agree with the actual practice.

A member has made inquiry if you have made an announcement covering drop deliveries in the State of Connecticut. We are unable to answer, as your letter does not make specific mention of points or territory involved.

We would appreciate a statement from you as to your actual selling basis in order that we may clear the information to the refiner making inquiry.

Very truly yours,

THE SUGAR INSTITUTE, INC.,

WWP*EEV.

3459 *Government Exhibit 438–I*

THE SUGAR INSTITUTE, INC.

EVANS: Refer this letter and letter of Dec. 12 to Raymond. State that we will have to give party making inquiry (the American) an answer. It will be necessary to send copies out. Check with Mr. Taylor if Revere and Arbuckle should get copies.

3460 *Government Exhibit 438–J*

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
129 Front Street, New York, N. Y., December 19, 1930.

Mr. FRED G. TAYLOR,
Acting Executive Secretary, The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.
(Attention Mr. W. W. Patterson.)

DEAR SIR: Replying to your letter of December 12 in which you again refer to selling rates in the State of Connecticut.

It was our thought that the letter which we wrote you on December 3 on this subject fully answered questions previously raised by you, and also explained in considerable detail the situation in the eastern end of the State of Connecticut to which your letter specifically refers.

As previously explained to you, we are not in a position to definitely establish delivery rates at the Connecticut points referred to. We have definitely informed you that in the Province territory we are making drop delivery at the Providence basis of 22¢ per hundred pounds, and that when such sugars purchased at the Providence basis are delivered in this territory at points in the eastern part of Connecticut the Providence rate of 22¢ is applied.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.,
JAMES H. POST, *President.*

3461 *Government Exhibit 438–N*

[Interoffice memorandum]

JANUARY 12, 1931.

STATEMENT ON CONNECTICUT INVESTIGATION

Allegations in the Chinal report of December 11th, 1930, are:

1. That transportation rates are used by National contrary to the published announcements filed by that Company with the Institute.

2. That National's broker at New Haven exceeds his bona fide brokerage duties by

(*a*) Compiling routing sheets for truck drivers preliminary to their making store door deliveries;

(*b*) Giving Steamship Companies bills of lading received from customers;

(*c*) Preparing delivery orders authorizing Steamship Companies to release for customers' account to Trucking Companies the amounts of sugar covered by the individual routing sheets.

3. That National's broker merchandises sugar.

National's reply of January 5th, 1931, to these allegations are:

1. That transportation rates used by that Company strictly conform to their published announcements filed with the Institute.

2. A denial that National broker at New Haven exceeds his bona fide duties as a broker.

3. A denial that National's broker merchandises sugar.

3462 Discussion

The Chinal report leaves much to be desired in comprehensiveness, thoroughness, and detail with view of substantiating the charge that National's broker is merchandising sugar. But one case is cited and the inference is clear that the investigator himself has some doubt as to the validity of the charge. Certainly to support as grave a contention as this, the investigator should have made a more comprehensive and thorough search, with view of producing ample and incontrovertible evidence. One citation, and particularly one susceptible of defense, is inconclusive. The investigator fails to specify the significance of dates in his citations. We do not know whether he means contract dates, shipping dates, or arrival dates. This has created difficulty in making an intelligent analysis of the report.

1. Transportation rates normally used in fixing the selling basis into Connecticut are the New York or Boston rail rates (whichever are lower) or the New York water rates when shipments actually move by water. Exceptions to this apply at Hartford and East Hartford where the water rates govern on shipments via rail. For a brief period, beginning June 24th, 1930, covering spot and thirty-day contracts entered within that period, National announced and applied an arbitrary basis of rates to specified ports and interior points in Connecticut, whether shipments moved by water or rail. The normal transportation basis was restored on July 3rd, 1930.

The Starin Line, which operates ships between New York and New Haven and is used by New York refiners in transporting sugar, publishes a class rate tariff between New York and certain Connecticut points via ship and motor truck. It also publishes a rate advice (RA-47) covering carload rates on sugar moving by ship and motor truck with store-door delivery at specified Connecticut points. Neither tariff nor rate advice is filed with the Interstate Commerce Commission and the Starin Line may reduce these rates at will. The National Company states that in shipping under the tariffs of the Starin Line their position is consonant with their published announcements to the Institute, and this regardless of whether shipments are sold F. o. b. New York or invoiced on the basis of the through rates of the ship line.

The Chinal report discloses that it is National's normal practice to invoice these ship and motor-truck shipments to final destination

with tare added. I direct attention to the fact that the Starin-
3463 Line's rate advice (R[illegible]–47) states specifically that the through rates quoted by water for truck and store-door delivery to specified Connecticut points must be in carload lots, minimum weight 40,000 pounds. The literal interpretation of this rate advice is, then, that the sugar must move in individual units of 40,000 pounds from the steamship pier at New York to a single store-door at any one of the points covered by the rate advice. Although not so indicated in the Chinal report, it is perfectly evident that a contrary practice prevails and that while shipments undoubtedly move in minimum loads of 40,000 pounds from the pier at New York to that at New Haven, the shipments are then split up into individual truck loads and distributed among various stores, thus breaking the through minimum carload of 40,000 pounds. This obviously is a violation of the exact language and presumed intent of the tariff.

I cannot accept National's theory that after establishing and announcing that their price basis to Connecticut points is computed by using the Boston all-rail or the New York all-rail rate (whichever is lower) with the alternative of using the boat rate when shipments from New York actually move by boat, they are entitled to use a rate advice providing for through rates by ship and motor truck with store-door delivery at interior Connecticut points. Under the most liberal construction such a practice is but a subterfuge and device. When a selling basis is announced and filed with the Institute it is presumed to show clearly and explicitly just what transportation elements enter into the transaction. The normal basis for Connecticut being the New York or Boston rail rates, with the alternative use of water rates when shipments move by water, obviously contemplate that the actual rates prescribed by these bases shall be rates of interstate carriers filed with the Interstate Commerce Commission, or otherwise rates which are in common use by the public. If motor-truck service and store-door delivery is contemplated by any refiner, then that refiner's announcement to the Institute should so indicate. A contrary course is unfair, discriminatory, and in direct contravention of the Institute's Code of Ethics. Many precedents support these assertions.

I see nothing to be gained by a discussion of the individual shipments cited in the Chinal report in view of National's statement on page 2 of their letter of January 5th that "The application of these rates to contracts referred to was clearly and definitely explained to Mr. Chinal and Mr. Patterson. The other delivery reports listed
in Mr. Chinal's memorandum, both prior to the June 16th
3464 contract period and the June 30th contract period, have without exception been invoiced at freight rates properly in effect prior to June 24th, as specified in our announcement of July 3rd." It is to be presumed that the Institute's staff have verified this statement and found it to be correct. If not, we should be so advised.

2. The National takes direct issue with the investigator as to their broker exceeding his bona fide duties. In view thereof we are not in position to verify one statement or the other.

3. There is insufficient evidence in the investigator's report to sustain the charge that National's broker at New Haven is merchandising sugar.

3465 *Government Exhibit 438–O*

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
Philadelphia, Pa., January 12, 1931.

DEAR EVAN: Over the week-end I have had a chance to study the replies, dated January 5th, from The National Sugar Refining Company, to Chinal's reports on Messrs. Arthur L. Johnson & Company.

It appears to me that the National has managed to wiggle out of all the damaging reports on Arthur L. Johnson & Company of *Connecticut:*

(1) If it is true that the combination water and truck rates are quoted by the carrier, then National was under no obligation to make an open announcement. However, the point to be raised is whether Institute members should employ carriers who have such little-known and mysterious rates which apparently can be changed at will without the supervision of any agency. I refer to Code Interpretation Sec. *XII*, page 1, para. 1 (a). National's attitude in this connection is inexplicable in view of their indignation over the G. L. T.'s constructive station delivery in Chicago. The G. L. T.'s service was an open one and was filed with and regulated by the I. C. C.

(2) I do not believe that the mere handling of delivery papers for a buyer constitutes "interesting" oneself in transportation. Under present conditions brokers, and refiners for that matter, have to provide all kinds of special services at the beck and call of important buyers. Filling out a few sheets of instructions for the carriers cannot convict a broker of "interesting" himself in transportation. The ruling on this subject is, in my mind, directed solely against the promotion of transportation schemes which defeat existing freight prepays and does not attempt to restrict the use of legitimate means of transportation.

(3) Irrespective of my definite conviction that Johnson deliberately overbought on a contract for the Conn. Fruit & Grocery Company (in order to create "second hands"), the buyer's withdrawal of his first statement on the subject leaves us stranded. There
3466 are too many cases of legitimate misunderstandings, which legitimately lead a broker to "unload" part of a customer's contract, for us to be able to question this transaction. However, one question which has not been clarified is the matter of brokerage on the second-hand transaction.

Regarding Arthur L. Johnson & Company of *Rhode Island*, the situation is different. I direct your attention to the following aspects of the situation:

(1) If the Refiner prepays the freight he should be able to control the time of delivery and the period of free time granted, instead of having the buyer control them, as shown on page 2 of National's letter. In this connection, I refer again to National's attitude regarding the G. L. T.'s constructive station deliveries in Chicago.

(2) If the Refiner prepays the freight, he should be able to control store-door deliveries and limit them to territory openly announced, instead of permitting the Refiner's prepayment and absorption of freight to be made the basis for long-haul trucking as shown on page 2 of National's letter. Again I refer to the National's attitude regarding G. L. T.'s constructive station deliveries.

(3) Irrespective of the explanations given on page 3 of National's letter, the hiring of the Providence Teaming Company is contrary to Code Interpretation Sec. *XII*, page 1, para. 2 (a). In this connection National tries to merge Code Interpretation Sec. *XII*, page 1, paragraph 2 (a) and Code Interpretation Sec. *XII*, page 1, paragraph 2 (b). These are two separate paragraphs.

(4) On page 4 of National's letter it is stated that "it has been clearly shown that the buyer's payment of trucking charges on sugar is on an arbitrary basis for bookkeeping purposes." I fail to see that this has been clearly shown at all. On the contrary, I believe it has been shown that the buyer's rate is an actual working rate since it was used in the past and is now being used on work performed by the trucking company for the buyer. Therefore, the Refiner *is* overpaying brazenly.

(5) The fiction of a "loan" by the broker to the N. E. C. Co., which is explained on page 5 of National's letter, is blasted by Chinal's records which show that the payments from the second-hand buyers were received either before or almost simultaneously with the payment to the Refiner. Either the broker was merchandising or then the Refiner, for credit reasons, was violating Code Interpretation Sec. *VIII*, page 1, paragraph 1.

3467 (6) The explanation, on page 4 of National's letter, does not hold water. The different amounts of the contracts entered (the small ones always used by the buyer and the large ones always resold in their entirety, even when large and small contracts were entered on the same day) shows clearly that the large contracts were dummies entered by the broker for the purpose of creating second hands.

(7) On page 5 National admits that the broker has issued invoices for the N. E. C. Co. It was my understanding from the Keiser case in Chicago that such a procedure is unethical, even though the invoicing is done in the name of a dummy. Furthermore, the invoicing by the broker of the resales only shows his interest in them.

(8) On page 6 National admits mailing invoices to the broker. In the Edgar case such procedure was deemed unethical.

(9) The special bank account mentioned on page 6 of National's letter does, if nothing else, show affiliation between broker and buyer. Our broker Koch in Tampa was fired on less evidence.

(10) The financing of the buyer, shown on page 6 of National's letter, constitutes a buyer/broker affiliation to a greater extent than was shown in the case of Pavey.

(11) National's letter disregards Chinal's report on the second-hand purchase from Peerless, which was obviously not for the use of the N. E. C. Co. but for the purpose of merchandising to other customers of Johnson's.

(12) National's letter disregards Chinal's report on the credit standing of the N. E. C. Co.

If you have any further thoughts on this subject, I would like to discuss this matter with you when I am in New York later this week. The exact date depends on your decision regarding the date of the special meeting to discuss trucking irregularities to Trenton and Reading.

Yours sincerely,

LOUIS.

Mr. EVAN T. FISHER,
The Sugar Institute, Inc., New York, N. Y.

Louis V. Place, Jr.

3468 *Government Exhibit 438–P*

[Draft]

Analysis of investigator's report and National's answer on the case of Arthur L. Johnson & Company, Connecticut

JANUARY 16, 1931.

1. Institute report, page 1, indicates that National is making store-door delivery to points in Connecticut without announcing that they were so doing.

National's reply to this is that as long as they have announced that they will make water shipment at the water rate, the fact that the carrier's tariff provides for truck delivery to interior points relieves them of the obligation of announcing truck delivery, or naming the points where such deliveries are made.

Comments by the Institute.—The Starin-New Haven lines tariff states specifically that the through rates quoted by water for store-door delivery to specific Connecticut points must be in carload lots, minimum weight 40,000 pounds. Chinal's report shows, and the Institute has photostatic copies of, instructions to the Starin-New Haven line signed by A. L. Johnson calling for shipments smaller that the 40,000-pound minimum covered by the tariff. It would appear, therefore, that National is at fault in not announcing store-door delivery on less-than-carload quantities, and that the carrier

is also at fault in not living up to its own tariff, both of which we believe are practices contrary to the provisions of the Code.

2. Institute report, page 4, indicates that Arthur L. Johnson & Co. has interested itself in the transportation of sugar.

On page 3 of their reply National denies that the service performed by A. L. Johnson & Co. is in any way a violation of the Code. National states that "the steamship line does not accept delivery instructions from the broker. These instructions are issued by the First National Stores or by the truckman for the account of the First National Stores."

3469

Comments by the Institute.—The Institute has in its possession photostatic copies of a form of the Arthur L. Johnson Company of Connecticut, which are addressed to the Starin and/or Thames River Lines and appear to be instructions to these lines covering the assortment to be delivered to various branches of the First National Stores. In one case, the form calls for delivery to the Cole Teaming Company for the First National Stores. Whether or not this can be construed as interest on the part of the broker in arranging transportation depends on the interpretation placed upon Section V, Page 3, Paragraphs 4 and 5 of the Code of Ethics. It is the Institute's belief that a strict interpretation of these paragraphs would condemn this practice.

3. Institute report, page 4, indicates that Arthur L. Johnson & Company have merchandised sugar in connection with a contract entered for the Connecticut Fruit and Grocery Company.

National in their reply deny that there was any intent to merchandise sugar, and submit a letter from the Connecticut Fruit & Grocery Company to substantiate their claim.

Comments by the Institute.—In their letter to the National the Connecticut Fruit & Grocery Company state that several days after the contract had been made they requested the broker to reduce it. The Institute has in its possession the Grocery Company's copy of this contract and, while it cannot be definitely proven, a close scrutiny of this document leads us to believe that the amount was changed from 800 to 400 bags by the same man who signed it and with the same sort of pen, indicating that the contract was changed at the time it was signed. This, taken in connection with the information and letter given our investigator before the Grocery Company was approached by the broker, leads us to place more

3470

credence in the Grocery Company's first statement than in their second statement made to the National in behalf of the broker.

3471 *Government Exhibit 438–Q*

Summary on Arthur L. Johnson & Co., Rhode Island

After a careful review of the report on this case we feel that the following points merit attention and discussion by the Executive Committee:

1. (Page 2 of the report.) The report states that sugars shipped via the New England S/S Company *are permitted to remain on the dock free of charge until the customer is ready to remove them.* It is our belief that this in effect constitutes a discrimination between customers.

2. (Page 3 of Report.) We believe that the procedure followed in paying the trucking company twice in different amounts for hauling the same bag of sugar, while not unethical in itself, gives opportunity for irregularities.

3. (Page 3 of the Report.) We believe that the hiring of the Providence Teaming Company by the Cole Teaming Company, *which is affiliated with Cate & Woodward*, sugar buyers, is contrary to the provisions of the Code.

4. (Page 3 of the Report.) We believe that the refiner should have announced the complete radius of deliveries made on combination boat and truck movement from Providence to points in Eastern Connecticut and Rhode Island. In this connection we believe that the refiner's practice of trucking from Providence in preference to New London should be clarified.

5. (Page 4 of the Report.) We believe that the report clearly shows that the practice of A. L. Johnson & Co. as described amounts to *merchandising sugar.*

3472 *Government Exhibit 438–U*

JANUARY 12, 1931.

Statement of Rhode Island Investigation

Allegations in the Chinal report of November 25th, 1930, are:

1. That inferentially there is connivance between the National broker at Providence and the Bay State Line which results in National's sugar being held on dock at Providence over 48 hours, and for such period of time as meets the customer's convenience.

2. That National's sugars move by truck for store-door delivery to Providence and *other interior points* in Rhode Island and Connecticut and that the Providence rate for store-door drop load delivery is extended to such interior points.

3. That through the exchange of checks for trucking service a device exists inuring to the benefit of the customer and discrimination of others.

4. That the employment of the Providence Teaming Company, controlled by Cate & Woodward, constitutes a violation of the Institute's rules.

5. That National's broker is merchandising sugar.

National's reply of January 5th, 1931, to these allegations are:

1. The charge is not denied, but evaded.

2. National admits this. (See section 2, page 2, National's letter of January 5th, 1930.)

3473 3. National denies this.

4. National admits the employment of the Providence Teaming Company, admits knowledge of the Teaming Company's ownership by Cate & Woodward, and explains that the arrangement was entered into prior to the time that it was adjudged improper to employ buyers' trucks.

5. National denies this.

DISCUSSION

1. There is no question but what the Bay State Line is holding sugar on their docks at Providence for indefinite periods. This has been proven by independent investigations.

2. The established freight selling basis into Rhode Island is the Boston rail rate with specified exceptions. The exceptions of interest to this case are—

(a) National's announcement of a 15¢ rate plus tare, including store-door delivery in any quantity at Providence;

(b) National's announcement of a 22¢ rate plus tare for store-door drop load delivery at Providence.

Revere carries the same basis at Providence.

The point at issue here is just what justification exists for National extending the rate of 22¢ for store-door drop load delivery *to points other than Providence.* It seems to be the general practice for sugars shipped by National from New York via the Bay State Line to Providence, to be distributed from the pier at Providence by trucks of the Cole Teaming Company for warehouse delivery in Providence and for drop load store-door delivery to interior points within a radius of about 40 miles from Providence. At Providence the single warehouse deliveries are protected at the 15¢ basis; to the interior points, where store-door drop load delivery is made, the 22¢ basis is applied. National admits the
3474 latter practice. The only interior point specifically mentioned in the Chinal report is Mystic, Connecticut, although National states that sugar is purchased on the Providence basis of 22¢ and is delivered to stores in the Providence territory on this basis. So, obviously, points other than Mystic benefit from this arrangement. The established selling basis at Mystic is 20½¢, car loads, and no authority exists which might justify the extension of the Providence basis of 22¢ to an interior point.

3. There is no evidence to disprove National's assertion that the exchange of checks between the Cole Teaming Company and the National and then between the Cole Teaming Company and the customer, is other than a bookkeeping transaction. On the other hand the arrangement is suspicious in its appearance and it would seem obvious that such a plan would complicate rather than facilitate the bookeeping methods. While it is not brought out by the investigation, we have reason to believe that National pays the Cole Teaming Company 12¢ per one hundred pounds for their delivery

service within Providence and to interior points within the prescribed interior zone. If this is correct, then National is paying an exorbitant rate for deliveries within Providence, which enables the customer to get the benefit of the 22¢ drop load store-door delivery rate at interior points. The rate from New York to Providence is 15¢ and if National pays the Cole Teaming Company 12¢ additional for interior delivery service, then National is paying a premium of 5¢ over the 22¢ rate they would actually use as a basis to interior points for store-door drop load delivery.

4. The statement made by National in their letter of January 5th, 1931, seems to clarify this situation.

5. Regardless of National's denial the conclusion is unavoidable that their broker at Providence has been using the New England Consolidated Company as a dummy for resale purposes.

3475 *Government Exhibit 438–V*

[Draft]

Analysis of investigator's report and National's answer on the case of Arthur L. Johnson & Company, Rhode Island

JANUARY 16, 1931.

1. Institute report, page 2, states that sugars are permitted to remain on the dock of the New England Steamship Company free of charge until the customer is ready to remove them.

National's reply does not deny this fact but points out at length that they are at a competitive disadvantage as Boston can reach Providence by truck the same day that the sugar is ordered.

Institute Comments.—It is our belief that if National finds it necessary to equalize Boston's geographic advantages in the Providence market it should be done by open announcement.

2. Institute report, page 3, indicates that the Trucking Company delivering to the First National Stores is paid twice in different amounts for hauling the same bag of sugar.

In their reply, National states that this is done as a convenience in bookkeeping and that the refund made by the Cole Teaming Company to the buyer is the same amount as is paid the Trucking Company by the buyer.

Institute Comments.—The report indicates that National is paying the Cole Teaming Company more per bag than is the buyer. It is our belief that the buyer's rate is an actual working rate which has apparently been established in the past. The fact that National is paying more than this established rate leads us to believe that they are overpaying the Trucking Company for the actual work performed. National states, in their reply, that this double payment is done as a convenience in bookkeeping is a bit difficult to
3476 understand as it appears to us that it would complicate the bookkeeping considerably instead of simplifying it.

3. Institute report, page 3, states that the Cole Teaming Company is employing the Providence Teaming Company, which is controlled by Cate & Woodward.

National's reply, page 3, states that they know that the Providence Teaming Company is owned and controlled by Cate & Woodward Company, and excuses their use of this facility on the basis that other members of the Institute were also using these trucks. They are willing to concede that the practice should be discontinued.

Institute comments.—We have no knowledge as to whether or not other members of the Institute are employing the trucks of the Providence Teaming Company, but in any event the use of these trucks is absolutely contrary to the Provisions of the Code of Ethics. We believe that National, knowing this Trucking Company to be affiliated, should have reported that fact to the Institute for investigation if necessary and action by the Executive Committee.

4. Institute report, page 3, indicates that National is making store-door delivery on combination boat-and-truck movement from Providence to points in Eastern Connecticut and Rhode Island. The report also indicates that these points are much further from Providence than from New London and raises the question as to why the long haul is made instead of the short one.

National's reply, page 2, states that they have no control over the delivery of sugar to these stores, particularly when the delivery is made without any additional expense to them.

Institute Comments.—We believe that, if the refiner prepays the freight on a shipment, he should be able to control store-door deliveries and limit them to the territory in which he has openly announced that he would make store-door delivery. We see no justification for the National's extension of a 22¢ store-door de-
3477 livery rate to points beyond Providence without specific announcement covering the points to which this rate is applicable. The Institute has received inquiries requesting a list of the points to which National is using this 22¢ rate. Several attempts have been made to clarify this situation, but to date National has made no announcement regarding these points.

5. Institute report, page 4, indicates that A. L. Johnson & Company have been merchandising sugar by using a New England Consolidated Company as a dummy in order to obtain resale sugar.

National's reply, pages 4, 5, 6, and 7, denies at length that the activities of Arthur L. Johnson & Company can be considered as merchandising and explains on page 5 that the Arthur L. Johnson & Company merely made a loan to the New England Consolidated Company, which was subsequently repaid.

Institute Comments.—The facts brought out in Chinal's report show that, in certain transactions at least, there could be no question of a loan from Arthur L. Johnson & Company to the New England Consolidated Company as payments from the secondhand

buyers were received either before or almost simultaneously with the payment to the refiner.

It is the opinion of the Institute that Arthur L. Johnson & Company has been guilty of merchandising sugar.

3478 [Copy]

JANUARY 22, 1931.

Rhode Island Investigation

1. In our previous memorandum we called attention to the fact that complete equalization of delivery in the Providence market could only be obtained by restoring that market as a consignment point. In serving Providence from New York on a direct-shipment basis, sugars reaching that point via the boat line are the property of the buyers. We find no basis which would warrant our attempting to dictate to buyers as to when they will take delivery of their sugars from the carrier at Providence. It will be quite obvious that the actions of the Bay State Line cannot be considered as coming under the jurisdiction of the provisions of the Code of Ethics.

2. The question here involved is a strictly technical one. Providence for a number of years has been the point from which surrounding territory has been served. It has been a matter of general knowledge on the part of all Refiners doing business in that territory that sugars delivered on the Providence basis were distributed not only in Providence but in the vicinity, and that chain stores having their purchasing office located in Providence purchase sugars at the Providence basis to take care of the requirements of all stores in the territory under their jurisdiction.

The situation is undoubtedly analogous to that existing in connection with chain-store deliveries to the area between Boston and Springfield, Mass., sugar being delivered by trucks to chain stores in this territory. We have ourselves absolutely no knowledge of the basis on which deliveries are being made in this territory, and no Boston Refiner has announced the basis on which deliveries are being made to chain stores in that territory.

3. In so far as payment for trucking is concerned, the rates which we pay for trucking in Providence for store-door delivery of our sugars in Providence proper and surrounding territory were arrived at by us directly with the trucking agencies which we employ. At the time the rates were arrived at no consideration was given by us to other business which the trucking companies might be handling, or any other considerations other than the requirement that a day in and day out delivery to meet our obligations as to sugar had to be obtained and at a reasonable cost to us. There is no basis for questioning our position with reference to deliveries generally in this territory in so far as trucking arrangements or trucking rates are concerned.

3479 With reference to the employment by us of the trucks of Cate & Woodward, we have definitely admitted that these trucks

have been employed by us with the full knowledge that the trucks were owned and operated by a buyer of sugar. The practice started prior to the time that the Institute was formed and has been continued solely for the reason that our competitors are employing the same trucks for hauling their sugars. We have no objection to discontinuing the hiring of these trucks providing the practice is similarly discontinued by competitors referred to.

4. Our investigation developed the fact that the Arthur L. Johnson Co., of Rhode Island, did not retain profits or sustain losses in the second-hand transaction covered in the investigator's report. The moneys advanced by the Arthur L. Johnson Co. of Rhode Island were as loans and the moneys collected were in repayment of these loans. All sugars purchased by the New England Consolidated Company were purchased at the expressed direction of Mr. G. Luther Hoyle, President of the New England Consolidated Company. We do not believe that a charge of merchandising can be substantiated on the basis of the above facts.

Respectfully submitted.

(Signed) KENNETH H. HALL.
V. K. RAYMOND.
C. B. CASTLE.

3480 *Government Exhibit 438–X*

THE SUGAR INSTITUTE, INC.,
January 16, 1931.

Summary on Arthur L. Johnson Co. of Connecticut & Rhode Island

The following memorandum on the Arthur L. Johnson Co. matter has been prepared after a careful analysis of both investigator's reports and National's reply, in order to assist the Executive Committee in its review of the case.

Connecticut Investigation:

As matters of conflicting opinion, as expressed in the investigator's report and the National's reply, it is for the Committee to decide:

(1) Whether the transportation and delivery practice of the National conforms to their public announcement as filed with the Institute, and whether official notice should have been given to the Institute covering their practice of prepaying deliveries to interior Connecticut points on combination water and truck shipments. This practice is still in effect.

(2) The Committee will also be expected to decide whether a selling basis, when announced and filed with the Institute, is presumed to show clearly and explicitly just what transportation elements enter into the transaction, and if motor truck service and

store-door delivery is contemplated by any refiner, whether it should be so indicated in the open announcement.

(3) It will also be necessary to decide whether it is a violation of the Code to make store-door delivery in L. C. L. quantities under a boat line rate advice which states specifically that the through rates quoted by water for truck and store-door delivery must be in carload lots, minimum weight 40,000 pounds.

(4) It will also be expected to decide whether the practice of the Arthur L. Johnson Co. in making up the reports of sugar requirements and filling in routing sheets for the truck drivers to cover the various stores served is violating the provisions of his Broker's Pledge, or Section 5 of the Code of Ethics.

(5) It will also be expected to pass its opinion in the matter of the conflicting reports of transactions in which Johnson is alleged to have merchandized sugars which were entered for the Connecticut Fruit & Produce Company.

Rhode Island Investigation:

(1) The Committee will be expected to decide whether the practice of the Bay State Line in holding sugars for over 48 hours for the accommodation of customers is an unethical practice under the provisions of the Code.

3481 (2) It will also be expected to pass upon the question of whether it conforms to the Code rules to deliver sugars in the wide radius around Providence, which the report discloses is being done, under an announcement which provides only for store-door delivery to Providence.

(3) The question of the method of paying for trucking service and also the employment of an alleged affiliated trucking concern, are also before the Committee for clarification.

(4) The Committee will also be expected to pass upon the disputed question of whether Arthur L. Johnson Co. has merchandized sugar through the New England Consolidated Company by a resale subterfuge.

3482 *Government Exhibit 438–Y*

THE W. J. MCCAHAN SUGAR REFINING & MOLASSES CO.,
Philadelphia, Pa., January 26, 1931.

DEAR MR. TAYLOR: I have received copy of the letter dated January 22nd addressed to Mr. Post by Messrs. Hall, Raymond, and Castle regarding the Institute's memorandum of January 16th in the case of the Arthur L. Johnson Company.

For your information I enclose copy of my letter of January 12th addressed to Evan regarding the Johnson case.

It is a shame that the Institute's memorandum stressed the accusations against the Arthur L. Johnson Company of Connecticut.

As indicated in my letter to Evan, I did not consider that that the charges against this company could be maintained. On the other hand, as indicated in my letter to Evan, I believe the use of the Starim-New Haven Line can be questioned, if not for the past, then for the future. The Institute's memorandum does not touch this subject at all.

Regarding the A. L. Johnson Company of Rhode Island, I repeat, the situation is different:

National's reply #1 disregards the fact that they prepay the freight and can therefore dictate the free time granted by the carrier. This point was brought out in my letter to Evan but was not mentioned in the Institute's memorandum.

National's reply #2 is, in my opinion, very weak. I may be wrong, but it is my impression that Boston refiners have announced all store-door and other truck deliveries which involve freight absorptions on their part. Of course it is unnecessary for them to make any announcement in cases where the buyer picks up the sugar f. o. b. Boston and arranges for his own trucking. On deliveries to New York City, refiners there have announced the absorption of the difference between the actual trucking rate and the 2¢ per 100 lbs. charged to the buyer. According to the National's ex-
3483 planation in the case of Providence, it would be alright for New York refiners to make the absorption in the case of truck store-door deliveries to, say, Poughkeepsie, N. Y., or New Brunswick, N. J. If this is the case, we had better find it out right away.

National's reply #3 is not satisfactory, in my opinion. The Institute's memorandum failed to stress the point brought out in my letter to Evan under paragraph #4. If National's explanation is accepted, we shall have an orgy of overpayments to trucking companies. In this connection, have you ascertained if it is a fact that other refiners are employing the Providence Teaming Company?

Regarding National's reply #4, it is a shame that the Institute's memorandum did not cover at least a few of the points brought out in my letter to Evan under paragraphs #5 to #12.

Yours sincerely,

LOUIS V. PLACÉ, JR.

MR. FRED G. TAYLOR,
The Sugar Institute, Inc., New York, N. Y.

THE SUGAR INSTITUTE, INC.,
January 28, 1931.

Further Memorandum in Reference to Connecticut and Rhode Island Investigations

CONNECTICUT

(1) Regarding the combination water and truck rates, it would appear, if it is true that combination rates are quoted by the carrier, that National is under no obligation to make an open announcement of them. However, the question of C. L. vs. L. C. L. and store-door delivery should be cleared, and there still remains the vital point as to whether Institute members should employ carriers who have such little-known and mysterious rates and which apparently can be changed at will without the supervision of any agency. Our Code has a specific provision covering this, which reads:

"*Water transportation.*—(a) The Institute recommends to its members that they refrain from the employment of water transportation companies which do not publicly announce the rates, terms, and conditions under which they transport sugars.

"(b) The Institute recommends to its members that they cease to employ any water transportation company which, after openly announcing rates, terms, and conditions, performs any additional service beyond that provided for in its announcement or makes any rebate of any kind or character whatsoever, or otherwise fails to abide by the provisions of its open announcement."

A situation similar to this arose with reference to the Great Lakes Transportation Company's rates at Chicago, in which matter the Institute adopted rules to prevent the resulting discrimination.

(2) With regard to the charge that Johnson is interesting himself in transportation, it may be pointed out that we have never made a specific interpretation as to the point of service at which a broker may be considered as engaging in the business of transportation. There are certain services which all brokers render their customers which might be technically construed as "interesting themselves in the business of transportation" and which, we believe, were not contemplated when this rule was adopted. The rule was unquestionably designed to prevent the promotion of transportation schemes which defeat existing prepays and bring discriminatory advantage to certain buyers. It is for the Committee to decide whether Johnson's service in connection with the handling of these deliveries goes beyond his function as a broker and violates the provisions of the Code.

(3) We think there is nothing proven in the case of Johnson's alleged buying for his own account through the Connecticut Fruit & Grocery Co.

(1) Regarding the matter of free storage time alleged to be given at the docks by the Bay State Line, it would appear that if the
3485 refiner prepays the freight he should be able to control the time of delivery and the period of free time granted, instead of having the buyer control them. It would also appear that this indulgence of delay is equivalent to maintaining consignments at that point to the extent of the quantities and varieties involved, and that the practice is not justified as a competitive necessity under the provisions of the Code.

(2) In the National's reply of the 22nd they state, with respect to store-door delivery in a wide territory, that this is "strictly a technical" matter. It seems, however, to involve one of the most important issues of the investigation, since the refiners' prepayment and absorption of freight is alleged to be a basis for the long-haul trucking into territory not properly covered by announcement.

(The two paragraphs above present problems very similar to those dealt within the Great Lakes Transit matter in Chicago.)

(3) The use of the Providence Teaming Company is unquestionably a violation of the Code, but, as stated by National, it is being used by other refiners, and they are quite willing to cease its employment if the other refiners using it will do so likewise.

(4) National have stated "it has been clearly shown that buyer's payment of trucking charges on sugar is on an arbitrary basis for bookkeeping purposes." No proof of irregularity is presented in this matter, and yet such arrangements are open to abuse, and always open to suspicion, and therefore are objectionable. Since National have expressed themselves as being perfectly willing to stop the practice, we believe the Committee should recommend that it be discontinued. Another point, however, in connection with this which, as we view it, involves another high point of the whole matter, and which has not been clearly set out in the investigation, is that in National's practice of paying the Cole Teaming Company for their delivery service they are apparently paying an excessive rate which enables their customer to get the benefits of the 22¢ drop-load store-door delivery rate at interior points. The announced rate from New York to Providence for single warehouse deliveries is the 15¢ basis, we are advised, and where store-door drop-load delivery is made, the 22¢ basis is applied. If, therefore, the amount paid to the Cole Teaming Company by National is excessive, as alleged, such excess payment would seem to violate the terms of their announced rate and to supply the substance of discriminatory advantage in some form to the buyers involved.

(5) We believe that the report of Johnson's relations with the New England Grocery Company, and his alleged dummy transactions, require no additional comment.

3486 *Rhode Island Investigation.*—1. We again contend that complete equalization of delivery opportunity at Providence, R. I., can only be secured by restoring that market as a consignment point. We believe that entirely too much emphasis is being placed on the question of whether or not the buyer removes sugars from the Boat Line pier at Providence promptly. In our estimation, so long as the buyer purchases sugars and is paying for them on regular terms, there is little material difference as to whether he holds the sugars at his own warehouse or on the Boat Line dock. In either case the sugars are the buyer's property. The Institute memorandum contains a statement that this is a problem very similar to the one dealt with in the Great Lakes Transit Corporation matter in Chicago. As a matter of information, it will be pointed out that at Chicago the Great Lakes Transit tariffs provide for thirty days' free storage, and that no restriction has been placed at any time on the right of a buyer to take a direct shipment to Chicago via the Great Lakes Transit Corporation and obtain the benefit of thirty days' free storage. The Bay State Line operation between New York and Providence was discontinued on January 13. Sugar now moving to Providence is handled via the Providence Line, whose tariff provides for five days' free time, not inclusive of Sundays and holidays. The Chicago situation would seem to substantiate the fact that there is little or no basis for criticism of the present situation at Providence.

2. The subject of this paragraph appears to require little or no additional comment. We have explained our Providence store-door delivery terms in considerable detail and with considerable frankness. Chain stores with their buying offices located in Providence purchase our sugars at the Providence basis for delivery to various stores included in the territory coming under their jurisdiction. Competitors who are now much concerned with the basis we are using are as familiar as we are with the nature of the delivery made at the 22¢ store-door delivery rate. We consider that their insistence that a definite area be marked out or a list of specific points announced is based strictly on technical grounds and is unwarranted.

3. This paragraph requires no comment.

4. The Institute memorandum does not correctly state the situation with reference to the payment of certain trucking charges by the buyer for bookkeeping purposes. The National Sugar Refin-
3487 ing Company of New Jersey has at no time had any connection with this practice. In our letter of January 5, in which we replied to the report of the Investigator of The Institute, we stated that we were advised that the buyer and the Cole Teaming Company, between whom the arrangement was made, were willing to stop this procedure if it appeared definitely objectionable. We have not stated that we were willing to stop the practice, in view of the fact that we have not at any time been a party to the practice.

We regret very much to note the continued insistance on the part of The Institute staff in its memorandums drawn up for the information and guidance of the Executive Committee, that The Na-

tional Sugar Refining Company of New Jersey is paying the Cole Teaming Company an excessive rate to enable customer to obtain certain benefits. We have already stated that the rate which we are paying the Cole Teaming Company for making drop deliveries of our sugars is a fair and proper rate. We have further pointed out that the rate which we pay for the delivery of a single commodity, sugar, in this territory is properly a rate which will insure the delivery of that sugar irrespective of any other business which the Trucking Company may have and that any estimate of the propriety of the rate must properly be made on this basis and none other. As to the relationship between the rate charged by us for a single delivery in Providence as compared with the rate charged for store-to-store drop delivery we would advise that the difference in cost to us as between a single delivery and the drop delivery is fully covered in the 22¢ charge made for the drop delivery. We believe that this fact should demonstrate beyond any question of doubt that no basis of inflated costs exists. The continued insistence on the part of The Institute Investigator and certain members of The Institute staff that there must be an inflation in our trucking costs despite our direct statement to the contrary is not only distasteful to us but unwarranted.

5. This paragraph requires no comment.

C. K. RAYMOND.
KENNETT H. HALL.

3488 *Government Exhibit 438–B1*

[Memorandum]

FEBRUARY 2, 1931.

Mr. CHARLES D. BRUYN: An additional memorandum dated January 28, 1931, has been prepared by the staff of The Sugar Institute for submission to the Executive Committee for the use of that Committee in their consideration of the investigations of the Arthur L. Johnson Company, of Connecticut, and the Arthur L. Johnson Company, of Rhode Island. This memorandum has been considered by us in detail and we wish to submit for your consideration a record of our position with reference to the several questions with which the memorandum deals. Our comment is numbered to correspond with The Sugar Institute memorandum, copy of which is attached.

Connecticut Investigation

1. The two paragraphs on the subject of Water Transportation quoted from the Code of Ethics in the Institute memorandum we do not find applicable to the present situation. These rulings were adopted to correct an unsatisfactory condition existing on the New York State Barge Canal and the Great Lakes in connection with unregulated canal lines and were the direct result of confidential rate

arrangements and confidential rebating arrangements worked out by refiners on their own sugars or by brokers on sugars sold to them at that time by certain refiners. The services of regularly established water lines having daily services and carrying rates in tariff form were not in any way involved in the considerations which resulted in these rulings.

The Starin New Haven Line, which is the Line referred to in the first paragraph of The Sugar Institute memorandum, is a water line which has been in existence for over fifty years, and which maintains daily service from New York to New Haven. The Line comes under the jurisdiction of the U. S. Shipping Board. As we have already pointed out, Shipping Board tariffs generally are filed on a maximum rate basis and may subsequently be changed by tariff supplement or rate authority. Such changes, however, must be definitely confirmed and rates must be nondiscriminatory as between shippers. To the best of our knowledge and belief, all refiners have received a record of all rates at which the Starin New Haven Line is now carrying sugar between New York and Connecticut points and we find no basis on which the rates of this Line could be characterized as "little known and mysterious."

3489 We have already pointed out that insofar as the State of Connecticut is concerned there are no restrictions as to routings available to buyers. As there are no consignment points in the State of Connecticut all sugars forwarded to Connecticut are direct shipments made on buyer's instruction. If any question as to the employment of transportation is to be raised, it will be pointed out that insofar as the business in the State of Connecticut is concerned the refiner is acting only for the account of the buyer.

It is pointed out in The Institute memorandum that the situation with reference to the Great Lakes Transit Corporation rates to Chicago is similar to the Connecticut situation. We cannot agree with this statement. In the first place, Chicago is a consignment point and there are no consignment points in the State of Connecticut. In the second place, the conclusions reached regarding truck-delivery services of the Great Lakes Transit Corporation at Chicago provided—first, that the truck delivery should not be used on refiner's own consigned sugars, but, secondly, that if the buyer wished to take direct shipment via the rail and lake route, which included the Great Lakes Transit Corporation, he would be entitled to receive the benefits of the less-than-carload truck-delivery provisions of the Great Lakes Transit Corporation tariffs. The conclusions reached regarding direct shipments to Chicago would appear to substantiate rather than deny the right of the buyer in the State of Connecticut the full use of the delivery services provided by the Transportation Company.

2. We wish to again suggest that it would be extremely helpful if The Sugar Institute would rule as to the real meaning and intent of the terms "engaging in transportation." If the charge that the Arthur L. Johnson Company of Connecticut is interesting itself in

transportation is based on the allegation that they are promoting transportation schemes which defeat existing prepays, the charge is without basis. Under present announced selling terms in the State of Connecticut the New York or Boston rail rate, whichever is lower, is applied on rail shipments and at Hartford, Conn., a water rate of 18 cents per hundred pounds applies on both rail and water shipments. Further than this, the use of water rates is unrestricted and there are no established prepays in the State of Connecticut. The buyer is, therefore, entitled to the benefit of the rate and the service provided by any and all water routes without reflection on the broker or the service which the broker is performing in submitting business for shipment over those routes.

3490 *Government Exhibit 438–C1*

[Copy]

THE SUGAR INSTITUTE,
February 7, 1931.

Sent to: Moog, Goetzinger, Placé, Hoodless, Crosby.

The following memorandum gives the status of the A. L. Johnson Company of Connecticut and Rhode Island matters as it was left at the conclusion of the discussion at the Executive Committee Meeting of February 5, 1931:

A. L. Johnson Co., Connecticut:

1. Postponed until the next meeting.
2. " " " " "
3. National's explanation of the contract with the Connecticut Fruit & Produce Co. was accepted.

A. L. Johnson Co., Rhode Island:

1. National not at fault. Bay State Line violated their [illegible] permitting their sugars to remain on the dock over 48 hours.
2. National's practice of store-door delivery apparently infringes the Code in not specifically announcing territory served on the Providence rate or the character of service performed.
3. Providence Teaming Co. found affiliated with Cate & Woodward.
4. The arrangement of having both the buyer and the truckman pay for trucking sugars delivered to the First National Stores is objectionable. It is recommended that this practice be discontinued.
5. The Committee considered Johnson's dealings through the New England Consolidated Company to be equivalent to merchandising, and that they were apparently carried on with National's knowledge and consent. The sending of certain invoices to Johnson tends to confirm this opinion. The broker is also issuing the invoices for the resale of the sugars sold under these "certain invoices" and handling the receipts through a special bank account, records of which are kept in his office. The broker is also infringing the Code in financing jobbers.

3491 *Government Exhibit 438–E1*

Report of Findings Made by the Executive Committee February 13th, 1931, in the Matter of the A. L. Johnson Company Connecticut and Rhode Island Cases

The Committee has given careful consideration to all of the items of alleged irregularity presented in the investigators' reports covering the above matters and has attempted to analyze each item separately with view to determining the facts in each instance.

The report divides itself into two general headings, one having to do with trade practices through New Haven, Connecticut, and the other through Providence, R. I. In the Connecticut matter there were two questions, and they will be referred to in the findings as items C–1 and C–2, respectively. In the Rhode Island matter there were four questions, which will be referred to in the findings as items R–1, R–2, R–3, and R–4, respectively. The final items will be with reference to the alleged merchandising activities of the A. L. Johnson Company, and will be referred to as items J–1 and J–2, respectively.

The Committee draws the following conclusions and makes the following findings:

Connecticut

C–1. The Committee believes that the National has not infringed the Code in not announcing specifically combination water and truck rates, inasmuch as these were apparently covered by the tariffs of the Starin-New Haven Line. The Committee recommends that some ruling be adopted so as to eliminate uncertainty and confusion as to application of carload and less-than-carload rates and store-door delivery in such situations.

C–2. The Committee believes that the Code provision regarding brokers engaging "in the business of transportation of sugar" does not and was not intended to cover the character of service which the investigator's report alleges was being performed by Mr. Johnson. The Committee feels some doubt as to whether or not the services performed by Mr. Johnson for his buyers infringed the provisions of the Code which condemns "special services to customers without appropriate charges therefor."

Rhode Island

R–1. The Committee finds that National has not infringed the Code in allowing its sugars to remain on dock at destination longer than the 48 hours provided for in the carrier's tariff, but that the Bay State Line, by permitting this delay, has violated the provisions of its own tariff.

3492 R–2. The Committee finds that National's practice of store-door delivery, through its present trucking arrangement, infringes the Code—

(*a*) in that its open announcement is inadequate, and

(*b*) in that it provides the opportunity of discrimination between customers in the district served under their announcement as "Providence Territory."

The Committee finds that in order for National to comply with the provisions of the Code, National should either name the points to which these store-door delivery rates apply, or describe by a meander line the territory involved. They should also announce the character of their store-door delivery service as to the minimum delivery quantities involved.

R–3. The Committee finds that the Providence Teaming Company is affiliated with Cate & Woodward and, therefore, under the provisions of the Code of Ethics, is not qualified to truck sugars for member.

R–4. The Committee finds that the investigation of the matter of buyer and refiner each paying the truckman for the same service, after which the truckman rebates to the buyer, has revealed no specific irregularity, but also finds that the practice is open to abuse and suspicion, and, therefore, recommends that the parties involved be asked to discontinue the practice.

The Committee also finds that the practice of paying a blanket rate over such a wide territory results in overpayment in some parts of such territory and is, therefore, subject to possible irregularity.

A. L. Johnson Company

J–1. The Committee finds that Johnson's transactions with the Connecticut Fruit & Produce Company, referred to in the report, were not supported by definite proof of irregularity.

J–2. The Committee finds that Johnson's method of invoicing resale sugars, receiving the second buyer's checks in payment and depositing such checks to his own account or a special account, is to all intents and purposes merchandising sugar. The Committee finds, however, according to the investigators' reports, that these practices were apparently carried on with the knowledge, if not the consent, of at least some members of National's sales organization, and feels that National must share with him the censure that is due for this infringement of the Code of Ethics. The Committee further finds, according to the admissions of the Johnson Company, that they have financed jobbers, which is also contrary to the Code Interpretations.

The Committee desires that the National give assurance of its willingness to correct promptly the irregularities complained of and that steps will be taken to prevent their reoccurring. Final disposition of the case will be held pending receipt of National's answer.

3493 *Government Exhibit 348–H1*

NEW YORK, N. Y., *February 18th, 1931.*

In the matter of the investigation by the Institute of alleged deviations from the Institute's Code of Ethics in the distribution of sugar in Connecticut and Rhode Island by National Sugar Refining Co., your Executive Committee reports that it has given careful consideration to the facts adduced in course of the Institute's investigation, as well as to the several replies which the respondent refiner was given opportunity to present for consideration.

The alleged deviations may conveniently be stated in eight specifications, and your Committee now respectfully so states them and reports its findings and recommendations upon each specification separately, viz:

Specifications of the Investigators Report

1. That Respondent's sugar was permitted to remain on docks of the Bay State Line at Providence longer than the allotted 48 hours after arrival, thereby giving certain buyers of Respondent's sugar the equivalent of free storage without public announcement.

2. That Arthur L. Johnson & Co., Respondent's broker, in furthering the resale of Respondent's sugars at Providence to all intents and purposes engaged in merchandising sugar within the meaning of the Code, and was therefore not qualified under the provisions of the Code of Ethics to act as broker for members of the Institute.

3494 3. That certain purchases of Respondent's sugar, ostensibly made in the name of Connecticut Fruit & Produce Co. of Ansonia, Conn., were in fact made for account of the aforesaid broker as the responsible principal in the transactions.

4. That the same broker took so active a part in the delivery of Respondent's sugars by trucks from docks at ports of arrival by water to certain interior points in Connecticut that it constituted engaging "in the business of transportation of sugar" by him in contravention of the Code.

5. That a certain buyer of sugar was affiliated with a Trucking Company, employed by Respondent for truck deliveries, and was therefore not qualified, under the provisions of the Code, to truck sugar for members of the Institute.

6. That the practice of having both the Respondent and the Respondent's customers pay trucking charges, in certain cases required the truckman of Respondent's sugars to rebate part of his charges to buyers, thus presumably favoring such buyers.

7. That store-door deliveries nominally in "Providence territory" were extended by Respondent without any public announcement that defined the limits within which such deliveries were to be obtained.

8. That store-door deliveries of Respondent's sugars at sundry points in Connecticut, after water movement from New York, were made without proper public announcement.

Findings and Recommendations

I. Upon the first specification your Committee finds that the
3495 irregularity specified must be laid at the door of the carrier, and that the Respondent had no part either in instituting or in sanctioning the irregularity.

II. Upon the second specification your Committee finds that the broker's method of invoicing resale sugars, financing the buyers, receiving the second buyer's check in payment and depositing such checks to the broker's own or to a special account, which was done through an arrangement with the New England Consolidated Co. at Providence, is to all intents and purposes merchandising sugar.

Your Committee further finds that members of Respondent's sales organization were apparently cognizant of the practice just recited, and believing, as your Committee does, that under the provisions of the brokers' pledge a broker is not to be disqualified for any act which his principal, a member of the Institute, permits or by *silence condones*, the Committee does not recommend that the broker's services be discontinued for the acts in question. The Committee, however, finds that in the stated circumstances the *broker must share with the Respondent the censure* that is due for this infringement of the Institute's Code of Ethics.

III. Upon the third specification your Committee reports that the allegation was not supported by definite proof of irregularity, and it, therefore, recommends that the specification be dismissed.

IV. Upon the fourth specification, it was alleged in behalf of the Respondent that the broker's alleged services did not differ in character from those of a broker handling a pool car shipped by rail.

Upon the whole your Committee concluded that the provision
3496 of the Code regarding brokers engaging "in the business of transportation of sugar" was not designed to cover the character of service alleged to have been performed by the broker under this specification, yet it is a question in the minds of several members of the Committee if the services were not in contravention of that provision of the Code that condemns "special services to customers without proper charges therefor." The Committee is of the opinion that this specification be dismissed without further action, except a recommendation to all members of the Institute to keep themselves carefully informed of all services rendered to customers by their brokers in order that the last-quoted provision of the Code may be complied with.

V. Upon the fifth specification your Committee finds that Providence Teaming Company is affiliated with a sugar buyer within the meaning of the Code and therefore is not qualified to truck sugar for members of the Institute.

VI. Upon the sixth specification your Committee finds that the investigation has not revealed any intentional, specific deviation from the Code by Respondent, but the Committee is of opinion that the practice of paying a blanket trucking rate over such a wide territory necessarily results in overpayment in some parts of the territory, and thus results in discrimination. The Committee also is of the opinion that the employment of a carrier whose
3497 operations are not under Governmental regulation, to participate in the transportation of sugar sold at a delivered price or through rate, so readily becomes open to abuse and suspicion that your Committee recommends that all members of the Institute be admonished to be most circumspect in their supervision of all such deliveries.

That Respondent's practice of making store-door deliveries under its present trucking arrangement, effective in and near Providence, R. I., fails to comply with the Code—

(*a*) in that Respondent's announcement is inadequate,

and

(*b*) in that it offers the opportunity for discriminating between customers in the district designated in Respondent's announcement merely as "Providence territory."

The Committee further finds that, in order to comply with the provisions of the Code, the Respondent should either name the points to which these store-door delivery rates apply, or else describe in a meander line the territories in which they are effective. The Committee also finds that such an announcement will not comply with the Code if it fails to specify the minimum quantity of sugar to which the rates will be applied.

VIII. Your committee has devoted much time to and made a careful study of the conditions involved in the eighth specification, and while the Committee does not find that Respondent intentionally deviated from any specific letter provision of the Code, it
3498 nevertheless does find that the general situation that arose from the deliveries of Respondent's sugar at interior points in Connecticut was not in harmony with the spirit of the Code. The Committee feels that its views can be clearly conveyed only by a review of the situation, and therefore offers the following review, viz:

Prior to June 24th, 1930, the Respondent's public announcement, covering the points in question (dated June 9th, 1930), provided for the application of "the New York or Boston rail rate, whichever is lower, or the New York water rate where shipment actually moves by water."

The rates of the water carrier, whose service is involved in this situation, were quoted by the carrier under date of June 16th, 1930, as follows:

"The following are the through rates on sugar in barrels, bags, cases, or cartons, in carload lots (*minimum weight 40,000 lbs.*), from Starin Line, Pier 13 N. R., New York City, to the following inland

points in the State of Connecticut, and including store-door delivery by motor truck from Starin Dock, New Haven, Conn. Rates do not include motor truck insurance by Starin New Haven Line."

On June 24th three members of the Institute, having evidence that Respondent's sugar was being delivered at points in Connecticut contrary to the foregoing quotations, publicly announced arbitrarily delivered prices at certain stated ports in Connecticut.

On the same day the Respondent issued its announcement meeting the arbitrary port rates named by the competitors, and also announced—

"Where water lines publish through rates from New York, applying via the ports named above, for delivery at interior
3499 Connecticut points, we will fully prepay freight to such interior points at buyer's request, and invoice customer at the through rate less a freight allowance representing the difference between carrier's published rate to the port and the arbitrary selling rates named above as applicable to deliveries at these ports. Rates referred to in this announcement will be applied on the net weight of the sugar, the same rate to be used on bags, barrels, and containers."

On July 3rd, 1930, by public announcements, the Respondent and the three competing refiners withdrew the arbitrary rates covered by their respective announcements, and the Respondent in its announcement stated, "Selling terms and rates in effect on deliveries prior to June 24th, 1930, are restored."

Thereby Respondent reinstated its announcement of June 9th, 1930, quoted above, and the rates quoted by the water carrier under date of June 16th, 1930, became the governing rates. To the allegations that store-door deliveries of Respondent's sugar *in less than carload lots* continued to be made on business entered after July 3rd, 1930, the Respondent answers that all sugars so delivered were sold by Respondent on F. O. B. New York terms; that title passed to buyers by delivery of the sugar to the water carrier in New York; and that Respondent had no control of the sugar thereafter. Your Committee does not question that in legal contemplation the sales were made on an F. O. B. New York basis, but the investigation clearly shows a considerable degree of control by Respondent after arrival of sugars at Connecticut ports. Respondent's broker, upon arrival of sugar at dock, gave complete directions to whom sugar
was to be trucked (Vide Specification No. 4); buyers received
3500 deliveries of *less than carload lots* at the published carlot rate; freight was prepaid by Respondent and invoices rendered by it at the through rate on *less than carload quantities*. The Respondent thus, by itself and by its broker, openly permitted and aided the delivery of its sugars at interior points in Connecticut at a through rate not covered by any fair interpretation of Respondent's announcement or the carrier's tariff, regardless of whether or not the sugar was sold on f. o. b. New York terms. The result of this practice is that neither buyers of sugar nor members of the Institute are given public notice of the prices and terms upon which

Respondent's sugars are being sold and delivered at interior points in Connecticut.

The water carrier in question is not subject to Governmental regulations; its tariffs are published in a more or less informal manner; and its capacity and/or willingness to render service was at times so limited that two competing refiners reported that the quoted service was refused to them.

Your Committee respectfully suggest that, inasmuch as the cost of delivering sugar is so large a factor in the ultimate cost to buyers, the introduction of carriers not under Governmental supervision throws upon members employing such carriers a heavy responsibility to see to it that such employment will not in the end involve deliveries of sugar at a rate, or in a manner, contrary to the letter or to the spirit of the employing members' public announcements. It seems to your Committee that so long as the Code provides—

> "All discriminations between customers should be abolished. To that end sugar should be sold only upon open prices and terms publicly announced."

just so long will every buyer of sugar, as well as every member
3501 of the Institute, feel he has the right to demand that refiners' announcements may be relied upon to indicate the ultimate cost to the buyer, or to leave no doubt how that ultimate cost may be definitely ascertained.

Regarding that as a highly important section of the Code, your Committee commends the foregoing review to the Board for the latter's consideration, and for the adoption of such amendments or interpretations of the Code as to the Board may seem necessary in order to remove all doubt of what is meant by "open prices and terms publicly announced."

Mr. Bruyn did not participate in the deliberations of the Committee, and does not join in the making of this report.

Respectfully submitted.

Chairman.

3502 *Government Exhibit 438–I1*

THE SUGAR INSTITUTE, INC.,
February 26, 1931.

Report of Findings Made by the Executive Committee February 19, 1931, in the Matter of the A. L. Johnson Company, Connecticut and Rhode Island Cases

In the matter of the investigation by the Institute of alleged deviations from the Institute's Code of Ethics in the distribution of sugar in Connecticut and Rhode Island by National Sugar Refining Company, the Executive Committee reports that it has given careful con-

sideration to the facts adduced in course of the Institute's investigation, as well as to the several replies which the National Sugar Refining Company was given opportunity to present for consideration.

The alleged deviations may conveniently be stated in eight specifications, and the Committee now respectfully so states them and reports its findings and recommendations.

Specifications

1. That National's sugar was permitted to remain on docks of the Bay State Line at Providence longer than the allotted 48 hours after arrival, thereby giving certain buyers of National's sugar the equivalent of free storage without public announcement.

2. That the Arthur L. Johnson Company, National's broker, in furthering the resale of National's sugars at Providence, to all intents and purposes engaged in merchandising sugar within the meaning of the Code and was therefore not qualified, under the provisions of the Code of Ethics, to act as broker for members of the Institute.

3. That certain purchases of National's sugar, ostensibly made in the name of the Connecticut Fruit & Produce Co., of Ansonia, Conn., were in fact made for account of the aforesaid broker as the responsible principal in the transactions.

4. That the same broker took so active a part in the delivery of National's sugars by trucks from docks at ports of arrival by water to certain interior points in Connecticut that it constituted engaging "in the business of transportation of sugar" by him in contravention of the Code.

5. That a certain buyer of sugar was affiliated with a trucking company employed by National for truck deliveries, and was therefore not qualified, under the provisions of the Code, to truck sugar for members of the Institute.

6. That the practice of having both the National and the National's customers pay trucking charges in certain cases required the truckman of National's sugars to rebate part of his charges to buyers, thus presumably favoring such buyer.

7. That store-door deliveries nominally in "Providence territory" were extended by National without any public announcement that defined the limits within which such deliveries were to be obtained.

8. That store-door deliveries of National's sugars at sundry points in Connecticut, after water movement from New York, were made without proper public announcement.

Findings and recommendations

I. Upon the first specification the Committee finds that the irregularity specified must be laid at the door of the carrier, and that the National had no part either in instituting or in sanctioning the irregularity.

II. Upon the second specification the Committee finds that
3503 the broker's method of invoicing resale sugars, financing the buyer, receiving the second buyer's check in payment, and depositing such checks to the broker's own or to a special account, which was done through an arrangement with the New England Consolidated Company at Providence, is to all intents and purposes merchandising sugar.

The Committee further finds that members of National's sales organization were apparently cognizant of the practice just recited, and believing, as the Committee does, that under the provisions of the Broker's Pledge a broker is not to be disqualified for any act which his principal, a member of the Institute, permits or by silence condones, the Committee does not recommend that the broker's services be discontinued for the acts in question. The Committee, however, finds that in the stated circumstances the broker must share with the National the censure that is due for this infringement of the Institute's Code of Ethics.

III. Upon the third specification the Committee reports that the allegation was not supported by definite proof of irregularity, and, therefore, this specification is dismissed.

IV. Upon the fourth specification, it was alleged in behalf of the National that the broker's alleged services did not differ in character from those of a broker handling a pool car shipped by rail. Upon the whole, the Committee concluded that the provision of the Code regarding brokers engaging "in the business of transportation of sugar" was not designed to cover the character of service alleged to have been performed by the broker under this specification, yet it is a question in the minds of several members of the Committee if the services were not in contravention of that provision of the Code that condemns "special services to customers without proper charges therefor." The Committee is of the opinion that this specification should be dismissed without further action, except to recommend to all members of the Institute that they keep themselves carefully informed of all services rendered to customers by their brokers in order that the last quoted provision of the Code may be complied with.

V. Upon the fifth specification the Committee finds that Providence Terminal Company is affiliated with a sugar buyer within the meaning of the Code, and therefore is not qualified to truck sugar for members of the Institute.

VI. Upon the sixth specification the Committee finds that the investigation has not revealed any intentional, specific deviation from the Code by the National, but the Committee is of the opinion that the practice of buyer and refiner paying truckman for the same service, after which the truckman rebates a part of it to the buyer, is open to abuse and suspicion, and therefore recommends that the parties involved be asked to discontinue the practice.

VII. Upon the seventh specification the Committee finds that the practice of paying a blanket trucking rate over such a wide territory necessarily results in overpayment in some parts of the territory, and thus results in discrimination. The Committee also is of the opinion that the employment of a carrier whose operations are not under Governmental regulation to participate in the transportation of sugar sold at a delivered price or through rate, so readily becomes open to abuse and suspicion that the Committee recommends to all members of the Institute that they be most circumspect in their supervision of all such deliveries.

The Committee further finds, under the seventh specification, that the National's practice of making store-door deliveries under its present trucking arrangement, effective in and near Providence, R. I., fails to comply with the Code—

(a) In that National's announcement is inadequate, and

(b) In that it offers the opportunity for discriminating between customers in the district designated in National's announcement merely as "Providence territory."

The Committee further finds that, in order to comply with the provisions of the Code, the National should either name the points to which these store-door delivery rates apply, or else describe in a meander line the territories in which they are effective. The Committee also finds that such an announcement will not comply with the Code if it fails to specify the minimum quantity of sugar to which the rates will be applied.

VIII. The Committee has devoted much time to, and made a careful study of, the conditions involved in the eighth specification, and while the Committee does not find that National intentionally deviated from any specific letter provision of the Code, it nevertheless does find that the general situation that arose from the deliveries of National's sugar at interior points in Connecticut was not in harmony with the spirit of the Code. The Committee feels that its views can be clearly conveyed only by a review of the situation, and therefore offers the following review, viz:

During the greater part of the period under review the National's public announcement, covering the points in question (dated June 9th, 1930), provided for the application of "the New York or Boston rail rate, whichever is lower, or the New York water rate where shipment actually moves by water."

The rates of the water carrier whose service is involved in this situation were quoted by the carrier under date of June 16, 1930, as follows:

"The following are the through rates on sugar in barrels, bags, cases, or cartons, in carload lots (*minimum weight 40,000.**) from Starin Line, Pier 13 N. R. New York City, to the following inland points in the State of Connecticut, and including store-door delivery

* Italics by Institute.

by motor truck from Starin Dock, New Haven, Conn. Rates do not include motor-truck insurance by Starin New Haven Line."

3504 To the allegations that store-door deliveries of National's sugar *in less than carload lots* were made, the National answers that all sugars so delivered were sold by them on F. O. B. New York terms; that title passed to buyers by delivery of the sugar to the water carrier in New York; and that National had no control of the sugar thereafter. The Committee does not question that in legal contemplation the sales were made on an F. O. B. New York basis, but the investigation clearly shows a considerable degree of control by National after arrival of sugars at Connecticut ports. National's broker, upon arrival of sugar at dock, gave complete directions to whom sugar was to be trucked (Vide Specification No. 4); buyers received deliveries of *less than carload lots* at the published carlot rate; freight was prepaid by National and invoices rendered by them at the through rate on *less than carload quantities*. The National thus, by itself and by its broker, openly permitted and aided the delivery of its sugars at interior points in Connecticut at a through rate not covered by any fair interpretation of National's announcement or the carrier's tariff, regardless of whether or not the sugar was sold on F. O. B. New York terms. The result of this practice is that public notice is not given of the prices and terms upon which National's sugars are being sold and delivered at interior points in Connecticut.

The water carrier in question is not subject to Governmental regulations; its tariffs are published in a more or less informal manner; and its capacity and/or willingness to render service was at times so limited that other refiners have reported that the quoted service was refused to them.

The Committee respectfully suggests that, inasmuch as the cost of delivering sugar is so large a factor in the ultimate cost to buyers, the introduction of carriers not under Governmental supervision throws upon members employing such carriers a heavy responsibility to see to it that such employment will not in the end involve deliveries of sugar at a rate, or in a manner, contrary to the letter or to the spirit of the employing members' public announcements. It seems to the Committee that so long as the Code provides—

> "All discriminations between customers should be abolished. To that end sugar should be sold only upon open prices and terms publicly announced."

just so long will every buyer of sugar feel he has the right to assume that refiners' announcements may be relied upon to indicate the ultimate cost to the buyer, or to leave no doubt how that ultimate cost may be definitely ascertained.

Mr. Bruyn did not participate in the deliberations of the Committee, and does not join in the making of this report.

3505 *Government Exhibit 438–J1*

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
129 Front Street, New York, N. Y., April 8, 1931.

Mr. FRED G. TAYLOR,
Executive Vice Secretary The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR SIR: After due consideration of the Report of Findings made by the Executive Committee of The Sugar Institute on February 19, 1931, in the matter of the Arthur L. Johnson Company of Connecticut and the Arthur L. Johnson Company of Rhode Island, we submit for your consideration our reply to these findings. For convenience paragraphs which follow have been numbered to correspond with the specifications, findings, and recommendations as shown in your memorandum of February 26, 1931:

1. We do not concede that additional free time on the boat line pier at Providence is an irregularity either on the part of the boat line or on the part of the National Sugar Refining Co. of New Jersey. The 48 hours free time regularly granted by rail carriers is fixed for the purpose of releasing equipment. As a water line discharges its cargo to piers the question of releasing equipment is not of paramount importance and consequently it is a general characteristic of water transportation to permit additional time for delivery except where congestion of freight will not permit. The situation here complained of arises from fundamental differences in transportation services and opportunity between Boston and New York in reaching this market.

2. With reference to the specification alleging merchandising operations by the Arthur L. Johnson Co. of Rhode Island: This broker has not and is not now invoicing resale sugars in violation of the Brokers' pledge. Such reselling of sugars as he has been engaged in we find has been extremely limited in its scope. The resale of sugar within reasonable limits is properly the function of a broker. That resale activities of brokers generally throughout the country are carried on in excess of even reasonable limits is a matter of general knowledge on the part of the Sugar Institute. While this condition exists, needless to say, the National Sugar Refining Co. of New Jersey will assume no arbitrary or academic position directed toward preventing the Arthur L. Johnson Co. of R. I. from
3506 protecting its own interests and those of its customers. As to the alleged financing operations of this broker in connection with purchases of sugar by the New England Consolidated, we are not convinced that these activities are properly characterized as merchandising or that they were entered into as a merchandising effort by the broker. In order to avoid the possibility of their being misconstrued, however, we have requested the Arthur L. Johnson Co. of R. I. to discontinue them and are advised that this has been done.

3. As this specification was not substantiated and has been dismissed by the Executive Committee, no comment is necessary.

4. The finding of the Executive Committee with reference to this specification has been to the effect that the Arthur L. Johnson Co., of Connecticut, has not been engaged "in the business of transportation of sugar." The recommendations, however, raise a question as to whether the broker may not be performing "special services to customers without proper charges therefor." As the distribution of sugar from the boat line dock at New Haven is handled entirely by the buyer and the truckman, no service is performed which can be in any way construed to be in violation of the special service clause referred to; consequently, there appears to be no necessity for comment with reference to the findings and recommendations under this specification.

5. We are discontinuing the employment of the Providence Teaming Company trucks for the delivery of our sugar.

6. We have written the Arthur L. Johnson Co., of R. I., asking that they request the buyer and the truckman referred to in the 6th Specification of the Committee Report, to discontinue the transaction considered as open to abuse and suspicion. In view of the fact that this matter after due investigation appears to be nothing more than a bookkeeping transaction arranged between the truckman and the buyer for buyer's convenience, we consider the arrangement one beyond our jurisdiction.

7. We decline to concede that the trucking rate we are now paying for store to store drop delivery service in Providence territory provides any basis for discrimination. The mere theory that a rate because it is a blanket rate must provide opportunity for irregularity is not sufficient basis on which to require us to make any change in our present method of distribution.

The blanket rate or group rate as the basis for transportation charges is in use throughout the country by railroads, water lines, express companies, and the U. S. Post Office, and is not to be considered per "se" as discriminatory or otherwise improper.

3507 The trucking which we perform in Providence territory is part of the delivery cost which we must assume in meeting competition from Boston in this territory and we are entitled to obtain this service on as reasonable a basis as possible, irrespective of whether it be on a point-to-point or zone basis. We, therefore, respectfully decline to undertake to make any change in our present arrangement which can in our opinion only serve to increase our costs merely to comply with unsubstantiated theory.

As to the employment of transportation which is not under Governmental regulation, we respectfully submit that at the present time no truck transportation carriers in the entire United States are under the regulation of U. S. Government Agencies and that only to a very negligible degree is there any State regulation of these Agencies of transportation. Consequently, the recommendation of the Committee can have little or no significance with relation to this form of transportation.

With reference to our announcements as now on record regarding delivery in the Providence territory. As we have already pointed

out, sales under this announcement are made only for delivery of our sugars through Providence and the store-door delivery terms provided by this announcement are available only on sugars delivered from Providence. The territory in question has been served and is now being served on a competitive basis by refiners other than ourselves. Until such time as record of the 22¢ drop-delivery rate was filed by us with The Institute, no announcement of any similar character was forthcoming from competitors. Under the circumstances, we find our announcement fully adequate in all respects and we find that little is to be gained by our attempting to enlarge upon it and this we decline to do.

8. We are unable to concur in the conclusions or recommendations of the Committee with respect to Specification VIII. That portion of our announcement with reference to selling rates in the State of Connecticut which reads as follows: "or the New York water rate where shipment actually moves by water" is subject to only one interpretation and that is that at buyer's option sugar may be purchased f. o. b. New York and received at points in the State of Connecticut by any available water route at whatever rate and in whatever quantity such route will handle the freight irrespective of whether the shipment moves with charges collect or such charges are prepaid by the refiner and billed in full to the customer.

No allegation of discrimination can be substantiated as be-
3508 tween customers when all are equally free to elect the route and service required or desired. It has never been contemplated by us or by the Code of Ethics that the avoidance of discrimination should be carried to the point that a customer whose requirements are less than a carload should necessarily obtain his sugar at the same rate as the customer who can purchase a carload. Attention, however, is called to the fact that to several Connecticut ports water rates are on an any-quantity basis and that the same rate applies both carload and less carload. Consequently, under the terms of the announcement referred to, routes with whatever rate and whatever minimum applies are equally available to all customers. Notwithstanding representation to the contrary, routes and services are likewise available to all refiners.

Shipment of our sugars to Connecticut customers has been made strictly in accordance with the foregoing. The question of whether a shipment shall be made with freight charges prepaid or freight charges collect is an optional one to be determined by the refiner and the customer, and is not governing in the interpretation of announced selling rates. Similarly, it cannot be considered as determining whether or not the refiner is exercising control over a shipment he has made to a customer. This narrows the question of control to whether or not the National or the broker has been directing distribution of sugar moving via water routes. Our answer on this point has already been given. All orders to the boat line have been and are being given by the buyer or by the truckman acting for the buyer. The broker or the National exercise no control over such shipments after they have been delivered to carrier at New York.

As to the status of the Starin Line as a responsible carrier. This carrier is subject to Governmental regulations. Its rates between the ports are subject to the U. S. Shipping Board and are published in accordance with the regulations of that body. The jurisdiction of that body does not extend to the movement beyond the port by truck, but such rates as the Line does carry to interior points are openly published by the Line and are a matter of definite record. The rates on sugar quoted by this carrier to interior points in the State of Connecticut are as indicated in the report of the Executive Committee published to apply on a minimum weight of 40,000 pounds. Insofar as the delivery of sugar to the Starin Line at Pier 13, North River, New York, is concerned, this minimum has at all times been strictly adhered to by the Starin Line. The carload rate has been applied only when sugar in a quantity of
3509 40,000 pounds or more consigned under a single bill of lading has been forwarded. At no time has the National invoiced less-carload shipments via the Starin Line at the carload rate unless at rates definitely published to apply on any quantity shipments.

It is perhaps true that after sugars have been forwarded beyond New Haven by truck that delivery has been made in less than carload quantities. Such deliveries, however, as against the delivery of the entire carload at a single point, have been on the instructions of the buyer, and with additional expense of such additional deliveries as against a single delivery for the account of the buyer. In view of the fact that such sugars have been sold on an F. O. B. New York basis and are the property of the buyer, there is no question in our mind that the buyer is fully within his rights in utilizing the facilities of the route in order to meet distribution requirements.

Providing no basis for rebating of freight charges to the buyer is involved, there appears to be no basis for condemning this method of distribution. To the best of our knowledge and belief from inquiries which we have made both as to the Starin Line and as to the truckman, no question of rebating is involved.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.,
JAMES H. POST, *President.*

3510 *Government Exhibit 438–K1*

Send to Lowe, Revere, Goetzinger, Arbuckle, Abbott.

THE SUGAR INSTITUTE, INC.,
April 14, 1931.

Excerpt from Executive Committee Meeting Minutes of Apr. 9th—A. L. Johnson Co. of Connecticut & Rhode Island

After considering a letter from National dated April 8, 1931, setting forth certain arguments relating to the findings and recommendations made by the Committee on February 19, 1931, the Com-

mittee sustained its findings and recommendations, and instructed the Executive Vice Secretary to inform National that if still unable to assent to the Committee's findings and recommendations, it is entitled to request that the matter be reviewed by the Board of Directors.

3511 *Government Exhibit 438–L1*

APRIL 20, 1931.

Mr. CHARLES D. BRUYN,
The National Sugar Refining Company,
129 Front Street, New York City.

Subject: Arthur L. Johnson Co., Ct. and Rhode Island.

DEAR MR. BRUYN: We wish to notify you that on April 9th the Executive Committee reviewed your letter of April 8th and sustained their former findings and recommendations as made on February 19, 1931.

If you are unable to conform to the Committee's findings and recommendations, they wish us to point out to you that you have the right to bring this matter up for review by the Board of Directors. You will find your rights in this matter fully covered in the two-page pamphlet, which is part of your Code of Ethics, entitled "General Rules of Procedure and Powers of Executive Committee" under Section I, Paragraph D.

Will you please let us know your wishes in this matter.

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

3512 *Government Exhibit 438–M1*

THE NATIONAL SUGAR REFINING CO. OF NEW JERSEY,
129 Front Street, New York, N. Y., April 28, 1931.

Mr. FRED G. TAYLOR,
Executive Vice Secretary, The Sugar Institute, Inc.,
New York City.

DEAR SIR: In reply to your letter of April 20 addressed to our Mr. Charles D. Bruyn on the subject of the Arthur L. Johnson Co., of Connecticut and Rhode Island, we wish to advise that our previous letter of April 8 on this subject was written to you only after very careful consideration by us of all matters contained in the findings and recommendations of the Executive Committee of The Sugar Institute as made on February 19, 1931.

We do not wish to appear to be arbitrary, but we cannot change the position taken in our letter of April 8, and, therefore, do not

care to do as you suggest and request that the matter be reviewed by the Board of Directors.

Very truly yours,

THE NATIONAL SUGAR REFINING CO. OF N. J.,
JAMES H. POST, *President.*

(Handwritten notation:) Evan: This means they "do not care to request a review by the B. of D."—F. G. T.

3513 *Government Exhibit 438–N1*

GODCHAUX SUGARS, INC.,
120 Wall Street, New York, N. Y., May 13, 1931.

Mr. FRED G. TAYLOR,
The Sugar Institute, Inc., 129 Front St., New York, N. Y.

DEAR FRED: Referring to our conversation in reference to the presentation of the A. L. Johnson Co. matter to the Directors, I return you herewith memorandum which you sent me on this subject, and also attach hereto my suggestion of the wording of the presentation of this matter.

In my suggestions I have endeavored to expurge any indication of there being any unusual controversy existing, but rather that the subject matter is one of an honest difference of opinion arising between the theory as to whether this question should be solved on a technical interpretation of the Code, or giving consideration to commercial necessities.

Very truly yours,

J. MOOG.

3514 *Government Exhibit 438–P1*

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, May 14, 1931.

To the Directors of the Sugar Institute.

GENTLEMEN: Under date of February 19th the Executive Committee made its findings in the A. L. Johnson Company, Connecticut and Rhode Island cases, in which it was alleged that certain sales and delivery practices of the National Sugar Refining Company were being conducted in such manner as to violate the provisions of the Code of Ethics. The findings contain a very complete summary of the reports of the investigators and are classified under eight items referred to, that is, Nos. II, VII, and VIII.

In the course of the Committee's deliberations and through exchange of correspondence with the National Sugar Refining Company since the date of these findings, all of the items enumerated have been corrected or disposed of to the satisfaction of the Com-

mittee with the exception of a part of Finding No. II and Findings Nos. VII and VIII.

The Executive Committee authorizes us to submit a copy of the original findings of February 19th, together with a copy of National's final answer of April 8th in the matter, and a recent exchange of correspondence which is self-explanatory, in order that the directors may review the summary of the evidence covering the items referred to, that is Nos. II, VII, and VIII.

It will be noted that there is no conflict of opinion between the Executive Committee and the National as to the facts reported in the unfinished items referred to. Their differences consist of whether or not the facts reported constitute violations of the provisions of the Code of Ethics.

With respect to the difference mentioned under Finding No. II, National's answer of April 8th attached hereto reads in part:

"The resale of sugar within reasonable limits is properly the function of a broker. That resale activities of brokers generally throughout the country are carried on in excess of even reasonable limits is a matter of general knowledge on the part of the Sugar Institute. While this condition exists, needless to say, the National Sugar Refining Co. of New Jersey will assume no arbitrary or academic position directed toward preventing the Arthur L. Johnson Co. of R. I. from protecting its own interests and those of its customers."

This statement seems to infer that a broker's obligations under the provisions of his Broker's Pledge and the Code of Ethics of the Institute are secondary to the protection of his own and of his customers' interests.

3515 With respect to the differences mentioned under findings nos. VII and VIII, which are in reality one subject, we repeat that there is no difference between National and the Committee as to the facts in the case, but the Committee interprets the practices herein reported as being in violation of the intent of the Code of Ethics in that National's announcement of them is considered inadequate.

The several questions of difference between the Executive Committee and the National herein referred to are submitted to the Directors in order that they may decide whether the Committee has correctly interpreted the meaning of the Code of Ethics as it applies to the items cited and to make formal and official disposition of the case.

Should any member desire additional information on any phase of the case, the complete file may be reviewed at the Institute.

Very truly yours,

THE SUGAR INSTITUTE, INC.,
FRED G. TAYLOR,
Executive Vice-Secretary.

3516 *Government Exhibit 438–Q1*

Exhibit 438–Q1 (filed with the Clerk of the Supreme Court in lieu of printing) consists of excerpts from the minutes of the Executive Committee Meetings at which this case was discussed, which may be found in Exhibits 21–26, as follows:

1. Executive Committee Meeting of Jan. 8, 1931, p. 596.
2. " " " " " 22, 1931, p. 601.
3. " " " " " 28, 1931, p. 604.
4. " " " " Feb. 5, 1931, p. 621.
5. " " " " " 13, 1931, p. 623.
6. " " " " " 19, 1931, p. 627–629, inc.
7. " " " " Apr. 9, 1931, p. 643.
8. " " " " " 30, 1931, p. 647.
9. " " " " May 14, 1931, p. 651.
10. " " " " " 21, 1931, p. 659.

3517 *Government Exhibit 439*

General.

Only one Supplement to this Tariff will be in effect at any time.

C. R. C. No. 98 cancels C. R. C. No. 93; M. P. U. C. No. 242 cancels M. P. U. C. No. 223; I. C. C. No. 432 cancels I. C. C. No. 411.

Ford—Detroit, Toledo and Ironton Railroad Company, Local Freight Tariff No. 1257–A (cancels Local Freight Tariff No. 1257). Rules governing joint transit privileges on sugar at Detroit, Michigan, when destined to points in Central Freight Association territory. Issued September 18, 1922. Effective October 27, 1922

Issued by C. E. Hochstedler, General Freight Agent, Detroit, Michigan.

(File 41160) (Infs. 12137–12859) (300).

3518

DEFINITION

Transit privileges on Sugar is the stopping off, unloading into public storage or warehouses for storage or reconsigning and the forwarding thereof only when in straight or mixed carloads, to points beyond Detroit, Michigan, subject to the following rules:

TO WHOM AND WHEN GRANTED

Rule 1.—Transit privileges will only be accorded shippers, transit house owners, or operators who comply with these rules, keep records in the manner prescribed in Rule 3, and make statements when requested, as to tonnage and representative freight bills on hand, and make affidavit, when required, as to the accuracy of such records

and statements, and permit inspection thereof, at any time, by the Joint Rate Inspection Bureau.

Transit privilege will only be accorded when tariff under which transit rate is applied permits application of transit privilege on sugar moving under such tariff.

THE LIMIT

Rule 2.—The period of time allowed for transit privilege will be six (6) months from the date of unloading into the transit house. At the expiration of the time limit, transit privilege shall absolutely cease, and full local rates (commodity or class) shall be assessed for any movement whatsoever, both into and out of Detroit, Michigan, and such sugar will be known as nontransit sugar.

RECORDS

Rule 3.—Shippers', Transit house owners', or operators' records must show all sugar handled, point of origin, and destination, and whether received or forwarded by rail, boat, or otherwise, which records must clearly show the kinds of sugar in pounds, separately:

(a) Received by rail (transit).
(b) Received by boat.
(c) Transferred from one transit house to another (specify transit house). (See Rule 16.)
(d) Forwarded by rail (local or nontransit).
(e) Forwarded by boat (local or nontransit).
(f) Disposed of locally.
(g) Forwarded by rail (transit).
(h) Forwarded by boat (transit).
(i) On hand.

MIXTURE RECORDS

When mixed shipments of different kinds of sugar are forwarded as an equivalent against inbound sugar, records must be kept showing lot numbers and pounds, so as to admit of proper check by the Joint Rate Inspection Bureau.

3519 INBOUND CHARGES

Rule 4.—Sugar delivered to transit houses will be subject to full tariff rates of inbound carriers, based on origin point Official weights subject to tariff minima, charges to be paid to said road within not to exceed ten (10) days (exclusive of Sundays and holidays), after sugar has been unloaded into the transit house, provided inbound carrier's freight bills have been presented for payment within five (5) days after such unloading. If charges are not paid within the

prescribed time, transit privilege on such sugar will not be allowed, but failure of the inbound carrier to present freight bills within said five (5) days shall not deprive the sugar of transit privilege if such failure is reported to the Joint Rate Inspection Bureau within the ten (10) days period. (See Rule 6.)

INBOUND FREIGHT BILLS

Rule 5.—Inbound carriers shall issue freight bills and boat manifests in duplicate, and shall make notation thereon that weights shown are official weights and shall also stamp across the face thereof, "Delivered to_____ road for_____ (transit house)_____", and show date of unloading into the transit house.

RECORDING FREIGHT BILLS

Rule 6.—Inbound carriers' paid freight bills and boat manifests with duplicate covering all sugar subject to these rules, shall be recorded with the Joint Rate Inspection Bureau within ten (10) days (exclusive of Sundays and holidays) after the sugar is unloaded into the transit house, provided inbound carrier's freight bills have been presented for payment within five (5) days after such unloading, but failure of the inbound carrier to present freight bills within said five (5) days shall not deprive the sugar of transit privilege if such failure is reported to the Joint Rate Inspection Bureau within the ten (10) day period.

CANCELLATION OF TONNAGE

Rule 7.—To the end that there shall not be in the possession of the transit house uncancelled inbound freight bills, nor inbound tonnage credits, that do not represent sugar actually on hand, shippers, transit-house owners, or operators must surrender for cancellation to the Joint Rate Inspection Bureau.

(a) With the submission of outbound shipping directions sufficient representative freight bills of inbound carriers to cover sugar forwarded by rail or boat (transit).

(b) Daily, sufficient representative freight bills of inbound carriers, or local tonnage credits, to cover sugar disposed of locally or forwarded by rail or boat (nontransit).

EXCESS INBOUND WEIGHT

Rule 8.—Subject to Rule 10, any excess weight shown on the inbound freight bills over the weight reshipped shall stand credited and may be applied, in accordance with these rules, against subsequent shipments.

OUTBOUND SHIPMENTS REPRESENTATIVE OF INBOUND FREIGHT BILLS

Rule 9.—(a) The inbound freight bills matched against outbound shipments must be *representative* of the property; that is, only the identical commodity or its exact equivalent (See Paragraphs (b), (c), and (d) hereof) may be forwarded from Detroit, Michigan, under the through rate or proportional rate lawfully applicable.

SUBSTITUTION NOT PERMISSIBLE

(b) It is not expected that the identity of each carload of sugar can or will be preserved, but it is not permissable to make substitution that will impair the integrity of the through rate.

MIXED CARLOADS OF TRANSIT SUGAR

(c) On straight carload shipments of sugar (or a mixed shipment thereof in package) originating in the same rate territory, the inbound billing covering the carload shipments entering into the mixed shipment must be surrendered in the same ratio as was observed in the mixed shipment and the through rate (subject to Rule 11) applied from point of origin, shown on the inbound billing surrendered, to destination.

MIXED CARLOADS OF TRANSIT AND NONTRANSIT SUGAR

(d) When a carload shipment consists of a mixture of transit and nontransit sugar in the same car, the transit carload rate applicable on the transit portion and the local carload rate from Detroit, Michigan on the nontransit portion, respectively, will apply, provided the total tonnage in the car equals or exceeds the minimum. Any deficiency in weight will be added to the nontransit portion.

When outbound shipments from transit point consists of transit tonnage only, in quantities less than the prescribed minimum weight, the deficiency will be treated as nontransit and so rated.

3520 SHIPPER'S CERTIFICATE

Rule 10.—When sugar is reshipped from transit houses, shippers will be required to present to the Joint Rate Inspection Bureau the inbound carrier's representative recorded freight bills and shipping directions in duplicate, bearing Shipper's Certificate in the following form:

SHIPPER'S CERTIFICATE

Tender is hereby made to the _____ (outbound carrier) _____ of _____ (inbound carrier) _____ Freight bill _____ as listed above for the purpose of securing reshipping privilege and transit rate on commodity covered thereby. This tender is made with a guarantee on _____ part that such privilege may be granted in conformity with rules of said railway, as published in its Transit Circular No. _____, I. C. C. No. _____ Issued _____, which have been read and with which _____ familiar.

_____
(Signature of Shipper)

TRANSIT CHARGE ON INDIANA, MICHIGAN, AND OHIO SUGAR

Rule 11.—On sugar originating in Indiana, Michigan (lower peninsula), and Ohio, a charge of three dollars and sixty cents ($3.60) per car will be made for the transit privilege and added to the through rate, origin point to final destination.

The additional charge of three dollars and sixty cents ($3.60) per car for the transit privilege shall be equally divided, allowing the inbound road one dollar and eighty cents ($1.80) per car and the outbound road one dollar and eighty cents ($1.80) per car, except that in the event the inbound and outbound road are one and the same, the entire three dollars and sixty cents ($3.60) per car shall accrue to that road.

RATES

Rule 12.—The through rate to be applied to transit sugar shall be the lawfully published rate through from the original point of shipment to final destination in effect via Detroit, Michigan, at the time of initial shipment from point of origin applicable to the sugar covered by inbound billing which these rules permit to be matched against outbound shipments. (See Rules 3 and 9.)

BILLS OF LADING

Rule 13.—Bills of lading covering outbound shipments from Detroit, Michigan, must bear imprint of stamp or written notation reading "Accorded Sugar Transit privilege at Detroit, Michigan", and show Transit Bureau's number (See Rule 17), and a copy of each bill of lading must be promptly furnished the Joint Rate Inspection Bureau.

WAYBILLS

Rule 14.—Waybills covering outbound shipments must show lot numbers, grades, and give full reference to in-billing, including point of origin, date of waybill, and rate to Detroit, Michigan, and if prepaid waybill, should so state. Waybill must also bear an imprint of stamp or written notation reading, "Accorded Sugar Transit Privilege at Detroit, Michigan", and show Transit Bureau's number (See Rule 17).

STOP-OVER OR HOLD REGULATIONS

Rule 15.—Reshipments in accordance with Rule 10 will be subject to such transit stop-over or hold regulations as may be provided for in the tariffs of the respective roads over which the property passes.

TRANSFER OF TONNAGE OR OWNERSHIP

Rule 16.—When sugar is transferred from one transit house to another transit house (not a part of the same plant facilities), the

freight bills or boat manifests therefor must bear endorsement designating such transfer, which must be recorded by the Joint Rate Inspection Bureau.

Transfer of freight bills or bills of lading must be by formal assignment or order, and the bills must be representative of the property.

Any charge for transportation of tonnage transferred from one transit house to another shall be in addition to the rate.

3521 ACCESS TO TRANSIT HOUSES

Rule. 17.—The Joint Rate Inspection Bureau shall have access at all times to transit houses and records to check up the sugar therein and the freight bills therefor, and it shall be its duty to:

CANCELLATION OF BILLING

(a) Cancel freight bills for like kinds of sugar in excess of the sugar in the house.

BOOK RECORD

(b) Keep a book record of all in-bound freight bills and boat manifests and number the same consecutively, retaining the duplicates and returning the originals at once to the consignee or shipper. (See Rule 6.)

SHIPPING DIRECTIONS AND APPROVAL OF REFUND

(c) It shall also be the duty of the Joint Rate Inspection Bureau to insert on the shipping directions and the original and duplicate in-bound freight bills, the through rate, division, proportional, or reshipping rate (as the case may be) properly applicable.

(d) Stamp on the shipping direction, "Shipment authorized as indicated hereon."

(e) Stamp on the original and duplicate in-bound freight bills, "Reconsigned to _____ via _____ transit privilege cancelled, date _____, 19__."

The Joint Rate Inspection Bureau will transmit the original shipping directions and the Shipper's Certificate referred to in Rule 10 to the inbound carrier for billing purposes, retaining in its files the duplicate shipping directions and certificate, together with inbound carrier's duplicate freight bills. The Bureau shall also approve original freight bills for refund, if any is due, upon receipt of advice of forwarding by outbound carrier.

LOSS OR DAMAGE

Rule 18.—(a) Carriers will not be responsible for loss or damage to sugar so stored in transit, and while so waiting to be reforwarded the custody and possession of the sugar shall be that of the owner and not of the carrier.

SHORTAGE

(b) Inbound carriers will not certify to shortages upon shipments of sugar unless the damage is noticed while the property is in the possession of said carriers, or being taken from car after being placed on private siding, notice of which must be given inbound carriers within twenty-four hours from time of unloading.

NONABSORPTION OF CHARGES

Rule 19.—Carriers will not absorb warehouse storage, insurance, or cartage charges. All such charges, including outbound switching not absorbed by outbound carriers on shipments reconsigned to points beyond Detroit, Mich., must be borne by shippers.

DUPLICATES

Rule 20.—Where the rules make reference to duplicate freight bills and bills of lading it should be understood to mean an exact copy of the originals.

Finis.

3523 *Government Exhibit 441*

THE AMERICAN SUGAR REFINING COMPANY,
120 Wall Street, New York, July 14, 1930.

Mr. H. H. BERNSTEIN,
Assistant Manager, Central Inspection & Weighing Bureau,
Grand Central Station, Harrison & Wells Sts.,
Chicago, Illinois.

DEAR SIR: I have your letter of July 11th, file TR-47/17492, in reference to transiting of sugar.

I explained to you over the telephone how we desired to operate in order to avoid any possible violation of the carriers' tariffs. I stated to you that we wish to have on file at each transit point the authority of Mr. Murphy, Mr. Barkerding, Mr. Frazier, or myself for all transiting. By authority I mean a telegram or a letter from one of the above-named gentlemen to the warehouse, authorizing them to transit on our transit balances. The warehouse's signature will be sufficient when they have this authority.

I hope that you will cooperate with us in trying to straighten out a very complicated situation, as it is our purpose to see that the carriers are paid the proper freight revenue on every movement of our products.

Very truly yours,

P. M. RIPLEY, *Traffic Manager.*

3524 *Government Exhibit 441-A*

THE AMERICAN SUGAR REFINING COMPANY,
120 Wall Street, New York, July 15, 1930.

Mr. H. H. BERNSTEIN,
Assistant Manager, Central Inspection & Weighing Bureau,
Room 750, Board of Trade Bldg., Chicago, Illinois.

DEAR SIR: I have your letter of July 11th, file TR 47/17492 in reference to transiting sugar.

Apparently our minds are not together as to the handling, and I shall try in this letter to outline a little more clearly what I tried to explain over the telephone.

Our first purpose is to bring about some system that will stop the improper use of our transit billing in violation of the carriers' tariffs. In order to bring this about I suggest that whenever a warehouse tenders to a carrier a shipment of sugar, and requests the carrier to forward it on our transit balances, the warehouse should show your inspector the written authority of Mr. Murphy, Mr. Barkerding, Mr. Frazier, or myself, attached to the regular form required by Rule 45, B. T. Jones I. C. C. 1961. When the warehouse gives the carrier's agent this written authority then the carrier should accept the warehouse signature and forward the shipment on the transit billing.

Likewise, under Rule 75, when sugar is transferred from one transit house to another, a letter should be on file authorizing the transfer from one warehouse to another over the signature of one of our direct representatives.

In other words, the warehouse will be given authority by one of our representatives to sign papers to cover the transiting.

At some points it will be necessary for us to give blanket authority because of special situations. Where that blanket authority is on file, it will not be necessary to have the warehouse show you authority on each shipment.

3525 I sincerely trust that you will cooperate to the fullest degree with us in trying to correct a very bad situation, dangerous alike to the carriers and ourselves.

I am giving you with this letter authority for the transiting of sugars at Columbus and Youngstown, Ohio, and ask that you kindly arrange to handle stocks at these two points in line with the above suggestions.

Very truly yours,

P. M. RIPLEY, *Traffic Manager.*

C. C. to Mr. M. B. Murphy, Chicago.

JULY 16TH, 1930.

Subject: Transit—Sugar, The American Sugar Refining Co.

Mr. P. M. RIPLEY,
Traffic Manager The American Sugar Refining Company,
New York, N. Y.

DEAR SIR: This is to kindly acknowledge receipt of your favor of the 15th instant, and to advise that I believe I fully comprehend the purport of your instructions, and the endeavor you are making to have sugars stored in transit for account of your company handled in accordance with the terms of the transit tariffs governing in the premises.

Your efforts in that direction are duly appreciated, and we will continue in the future, as we have in the past, to heartily cooperate with you to the extent that is possible, in line with the duties devolving on this bureau as representing the carriers in supervising transit privileges.

Our desire in this regard is demonstrated by the fact that, for the first time in more than thirty years or since the present form of transit rules has been in operation in this territory, we have been called upon to disregard the transit operator at the transit point, who, up to this time, is the only one the carriers have been called upon to recognize as the authorized party, under the tariff, to handle the transit business, keep the records, and sign shipper's certificate as to the correctness of the billing applied.

In this instance, re your company's transit privileges, we are called upon to only recognize instructions from parties representing your company, not located at the transit point where the privileges are being availed of. We have done everything reasonably possible on behalf of the carriers, and in fairness to all concerned, to try and meet the unusual situation with which we are confronted in this case.

We realize that the owner of the property stored in transit has a lawful right to protect his interests, and that is why we want to go the limit to carry out your instructions along the lines you wish to follow. What differences in our views which may appear to present themselves are principally in regard to the carriers' responsibility in the physical handling of transit commodities while out of the possession of the carriers and in the custody of the transit operator, also in regard to what constitutes unlawful substitution under the varying tariff provisions.

3527 In the so-called Transit Case (Docket No. 3002) which the Interstate Commerce Commission reviewed during the years 1910–1914, this angle of transit privileges was thoroughly considered, and, as a matter of fact, constitutes the crux of that entire proposition.

I testified in that case, on behalf of the carriers, at the request of the Commission, and the substance of that testimony was to the effect that the bane of transit privileges was due more to industrial competition and commercial complexities than to carrier competition and tariff complexities.

This results from the necessity for fair commercial competition to maintain the identity of a particular commodity or different kinds or grades of a particular commodity which has a particular section of the country as its source of production and likewise its certain sections of the country as its particular markets of consumption, and therefore if the billing of one kind of a commodity from a certain section of the country can be used for a different kind of that same commodity which is produced in other sections of the country, and a lower rate thereby obtained, it results in undue discrimination against the producer or shipper of the particular commodity who has no selection of billing to apply, but is always obliged to pay the full tariff rate from the producing section of that particular kind of the commodity involved; whereas the intermediate handler of the same or similar commodities has a selection of billing from different sections of the country where the different kind of commodities are produced, and thus placing the middleman operating under transit at a greater commercial advantage than the restricted shipper at point of origin in the producing section.

That possibility, under transit privileges, constitutes the alpha and omega of the entire problem, and is principally of a commercial character because the carriers do not make a rate predicated on the different kinds, varieties, or grades of a certain commodity, but the shipper is interested, as to fair competition, in respect to transportation rates, on the respective kind, variety or grade of a certain commodity, that he is particularly interested in.

Using as an illustration the commodity apples. The carriers publish a rate on apples, sometimes designating certain kinds of packages and minimum weights, but making no distinction as to kind, grade, or color. The producer of apples in the state of Missouri is solely interested in getting the particular apples produced there into the markets of consumption, say, for example, in the middle west and eastern section of our country, and he has a definite rate to pay, has no selection of billing to admit of paying a lower rate.

3528 A middleman handling apples could store them in transit, say in the middle western section of the country where he could receive apples not only from Missouri but from Illinois, Colorado, Washington, and perhaps other producing centers, and would have in his possession transit billing for all of these different apples in the warehouse.

He is, therefore, in a position to use the most favorable billing to place any particular kind of apples into a competitive market. This can be prevented only where the identity of apples and billing is

maintained and applied accordingly, and this is likewise true in respect to every other commodity accorded a transit privilege. This brings us to the point where the carriers, in order to prevent unfair commercial competition, due to such practices, would be obliged to assume the expense and responsibility of policing the handling of the commodity while in storage, or in possession of the industrial plant.

To what extent may the carriers be required to assume that expense and responsibility? I stated to the Commission that it could be only done in one way, and that was to oblige the carriers, in the granting of transit privilege, to place an inspector in the transit house, check out the contents of each car for transit privileges, as to kind, character, grade, brand, etc., and follow that course as to each outbound shipment.

In other words it meant that the carriers would be obliged to practically take possession of the physical handling of commodities while in transit houses, on the ground that the commodity was constructively in possession of the carriers on account of it being in temporary suspension of thru transportation, as the Commission had ruled transit privileges must be considered, also on the ground that the Commission was entitled to have access to the records of a transit house on the theory that they were the records of the carriers under transit privileges, inasmuch as the traffic was, in reality, an industrial interruption of a thru transportation movement. Therefore, while not actually in the possession of the carrier, it was, from a tariff standpoint, constructively so.

My conclusion as to that was, first: that I did not believe there was an industry in the country which would not consider "transit" under such conditions a penalty rather than a privilege, and therefore would be glad to be relieved of that kind of a privilege, and secondly: from the carriers' interests, under such circumstances, they would be obliged to cancel transit privileges if compelled to assume such an unjustifiable burden and expense. The Commission, realizing the unreasonableness of compelling the carriers to police the physical handling of every article or commodity thru a transit
3529 house to determine before applying the transit rate that it was the same commodity or what would be considered legally representative of the billing, decided that this was a responsibility that rested with the industry that desired to avail itself of the privilege, and therefore concluded that the carriers should embody in their tariffs the shipper's certificate that is in there today, and if this shipper's certificate does not have that effect it is meaningless and of no value in the tariffs.

The carriers, on their part, do not entirely shirk their responsibility in the premises, but, thru the Inspection Bureau, police the traffic to the extent that it is reasonably possible to do so, and that is to see that all freight bills are recorded, the commodity unloaded in the warehouse or plant to which it is billed, and reloaded from the same warehouse or plant, and where transfer takes place the bill is

indorsed and the commodity moves with the billing to where and to whom it has been transferred. Also currently cancel representative billing as commodities are disposed of locally or by local shipment and thereby restrict the tonnage on hand to correspond with the billing on hand so that no surplus billing for manipulating purposes is retained, and periodically check transit house records to the extent of determining if this procedure is carried out by the transit operator.

Where a different commodity or a different kind of the same commodity has a distinctive origin territory, we require transit house records to be kept in a manner to correctly reflect that condition. This is done wherever it is practicably possible, by having the records show the content of each carload handled in and out of the warehouse by lot number, in order to prevent substitution of billing which would bring about the defeat of tariff rate and also impair fair commercial competition as to such shipments.

In connection with the storage of sugar, however, we find this procedure a very difficult proposition, because one lot of the same kind of sugar may be split up in many smaller lots for shipment in mixed cars of other lots of sugar, and might run anywhere from one to one hundred split-ups, and to trace all of those mixed lot numbers would mean a task greater than the carriers would be justified in assuming. Moreover, when part of these different lots are sold and transferred from one sugar dealer to another while in storage, the records become so involved as to require an expert accountant to figure out all the intricacies of the transactions.

In my opinion where sugars are of the same kind, the work necessary for such a detailed check would not be warranted any more so than the check of a grain elevator or warehouse to determine the grade and color of a particular kind of grain, and which
3530 the Commission finally decided was unnecessary because in the aggregate of all transit tonnage reshipped, the carriers' revenue would not be changed and commercial competition not unduly affected where the kind of grain is the same, and this holds true as to the same kind of sugar.

These, and many other complexities in the industrial handling of commodities while in transit, become self-evident facts when actually observed in their practical operation, but remain as mysteries of these ever-increasing privileges so long as they are confined to mere theoretical analysis.

I know you to be sufficiently fair-minded to concede that if there are more or less industrial and transportation complexities in the regulation of these transit privileges where the industries and their representatives are located at the transit point, to promptly settle many differences of opinion that naturally arise as to tariff interpretation, they become accentuated where the owner of the property is not located at the transit point and the carriers' supervising agency must look elsewhere for the authoritative observance of tariff provisions.

I trust you will pardon me for going at this length in giving you my views, but I feel it incumbent upon me to do so because I gather from our talks by 'phone and correspondence on this subject, that you labor under the impression that the carriers have assumed the responsibility of checking the physical handling of every kind, grade, brand, color and package of any one particular commodity as it moves into, rehandled at, and reshipped from a transit house; more especially in your particular case in a public warehouse where there are state laws to govern the handling of the commodity stored therein and the warehouseman charged with the responsibility of complying with the laws pertaining to the custody of the property for the protection of its owners.

The warehousemen at the transit point are the parties whom carriers have looked to ever since transit privileges have been in effect. There has never, to my knowledge, been presented to the Commission, by the carriers or shippers, the question as to where the line is to be drawn in the handling of traffic at a transit point as between the owner of the property and the operator of the transit house. You happen to be the first one that has raised that question, and I believe, a very interesting one, which, if carried out to its logical conclusion, must be clearly and definitely settled by the Commission or the Courts.

I feel confident, if you will permit me to be frank in stating so, that it is too big a question for us to settle. In my opinion
3531 it is a very far-reaching proposition, both from its industrial and transportation standpoint, and it will undoubtedly be very interesting to follow its developments, but in the meantime you can rest assured that you will have the hearty cooperation of everyone connected with this bureau, to help you in your lofty aims of eliminating some of the practices that naturally present themselves by unscrupulous middlemen handling business for their principals who are located at a distance from the transit point where the physical operations take place.

In this connection it does not appear to me to be out of place to incidentally mention that the rules covering the transit privilege on sugar, as they are published by the carriers today, represent, in a general way, the desires of the sugar interest, and I know, by having dealt with the proposition from its inception, that the sugar interests took the position, which I believe is in accord with that of the Interstate Commerce Commission, that there is no impairment of the tariff rate owing to forwarding mixed shipments of a transit commodity under the so-called unit system of matching one inbound freight bill against one outbound shipment, on the ground that after all the billing had been so matched, the integrity of tariff rates is maintained and the carriers' revenue conserved in aggregate of all shipments forwarded.

The sugar people themselves insisted that the economic handling of sugars in storage necessitated the reforwarding of mixed car-

loads and that there could be no violation of the tariff rate where inbound billing, say for cane sugar, was matched against outbound shipments of cane sugar, and it is for that reason that the transit tariffs today carry the somewhat broad and perhaps argumentative provision, such as; it will not be permissible to make any substitution which impairs the tariff rate, which admits of differences of opinion as to just what that means in face of all the other general and unqualifying rules upon which there has always been more or less differences of opinion, both on the side of the shippers as well a representative of the carriers.

These differences, however, are purely technical, generally brought about where self-interest colors the sense of justice. Neither carriers nor shippers, however, have had any differences as to representative billing on the same kind of a commodity, since the Interstate Commerce Commission closed the so-called Transit Case, and I feel justified in stating that, based on this understanding of what may be lawfully done under transit privileges, both the carriers and the transit operators in this territory have complied with tariff requirements, and consequently the law in regard thereto.

3532 Please pardon me for imposing upon you this lengthy discourse, but I can assure you it is submitted merely with the thought of trying to make my views a little more clear, if that is possible, and to assure you of the heartiest cooperation of this bureau in bringing about such improvements as you are seeking in the handling of your company's sugars by warehousemen and brokers.

Instructions have been given our Detroit and Indianapolis offices in line with your request, enabling the bureau's representatives at those points to authorize transit application on specific shipments of sugar which the warehousemen have been instructed, by the signatories named in your advices to me, to forward under transit, and in such specific instances to recognize the signature of the warehouseman as made on behalf of your company on shipper's certificate or transfer, as the case may be, in compliance with these tariff provisions.

Similar instructions have been given to take care of the sugars transited at Columbus and Youngstown, Ohio, for account of the Franklin Sugar Refining Company, and I believe that, with a better understanding of just what you have in mind as to authorizing transit application of your sugars, all misunderstanding can be eliminated and the business conducted satisfactory to all concerned.

Yours very truly,

Assistant Manager.

HHB:BB.
C. C./Mr. M. B. Murphy, Chicago.

3533 *Government Exhibit 441–C*

THE AMERICAN SUGAR REFINING CO.,
120 Wall Street, New York, July 23, 1930.

Mr. W. T. STEVENSON,
AVP., NYC. Lines, Chicago, Ill.

DEAR MR. STEVENSON: I, of course, was very much surprised to learn from your telephone message that you did not consider there had been any violation of the transit tariff at Indianapolis.

My interpretation of Item 40, Paragraph "B", which states that "It is not expected that the identity of each carload of sugar can or will be preserved, *but it is not permissible to make any substitution that will impair the integrity of the thru rate*",[1] is apparently entirely different from yours.

Paragraph "C" likewise states—"Sugar originating at points *taking the same rate*[1] and reaching the transit point via the same inbound road haul carrier via which the thru rate is applicable."

Item 55 also covers.

I would like to have you review a case which is typical of others: New York Central car 97342 was shipped on April 24 from Indianapolis to La Fayette, Indiana. This car contained 125 bags of sugar that originated at Baltimore—the balance of the car, 230 bags and 15 barrels, originated at New Orleans. The rate from Baltimore to Indianapolis is 49½¢. The rate from Baltimore to La Fayette is 53½¢. New Orleans barge-line billing was used in forwarding the entire car from Indianapolis to La Fayette. The barge-line rate from New Orleans to Indianapolis is 44¢, and the same rate applies to La Fayette, Indiana, with the result that no additional freight charges were paid to get the car from Indianapolis to La Fayette.

My view of this transaction is that the 125 bags of sugar moved from Baltimore were actually handled for nothing from Indianapolis to La Fayette, whereas the carrier should have received 4¢ per 100 pounds for handling the shipment.

I would like to have you inform me how this transaction can be justified under the paragraphs cited above.

Very truly yours,

P. M. RIPLEY, *Traffic Manager.*

3534 *Government Exhibit 441–D*

THE AMERICAN SUGAR REFINING CO.,
New York, July 24, 1930.

Mr. H. H. BERNSTEIN,
Assistant Manager, Central Inspection & Weighing Bureau, Room 750, Board of Trade Bldg., Chicago, Illinois.

DEAR SIR: I appreciate very much your letter of July 16th, file TR-47/52687, with most of which I am fully in accord. There are, however, some angles which I think should be cleared up in your mind.

[1] Italics represent underscoring in the original document, and were not supplied by counsel.

I do not question at all the substitution of sugars coming from the same rate territory. What I am concerned about is sugars from one territory moving on transit billing covering sugars moved from another territory, and call your attention to Central Freight Association Tariff Bureau Freight Tariff No. 291–B, which specifically covers this situation.

My interpretation of Item 40, paragraph B, which states: "It is not expected that the identity of each carload of sugar can or will be preserved, but it is not permissible to make any substitution that *will impair the integrity of the through rate*"—is apparently different from your interpretation.

Paragraph C states—"sugar originating at *points taking the same rate and reaching the transit point via the same inbound road haul carrier via which the through rate is applicable.*"

Item 55 also is directly in point.

I would like to have you inform me how you arrive at the conclusion that the proper freight charges have been assessed in the following typical case:

New York Central Car 97342 was shipped on April 24th from Indianapolis to Lafayette, Indiana. This car contained 125 bags of sugar that originated at Baltimore—the balance of the car, 230 bags and 15 barrels, originated at New Orleans. The rate 3535 from Baltimore to Indianapolis is 49½¢. The rate from Baltimore to Lafayette is 53½¢. New Orleans barge line billing was used in forwarding the entire car from Indianapolis to Lafayette. The barge line rate from New Orleans to Indianapolis is 44¢, and the the same rate applies to Lafayette, Indiana, with the result that no additional freight charges were paid to get the car from Indianapolis to Lafayette.

My view of this transaction is that the 125 bags of sugar moved from Baltimore were actually handled for nothing from Indianapolis to Lafayette, whereas the carrier should have received 4¢ per 100 lbs.

Your comments on page 6, that the sugar interests have taken the position that there is no impairment of the tariff rate owing to reforwarding mixed shipments of a transit commodity under the so-called unit system of matching inbound freight bills against outbound shipments, governs so far as shipments from the same rate territory are concerned, but certainly we have not asked that sugar originating in one territory should be moved on transit billing covering sugar from another territory that defeats the through rate.

In the case which we have before us the integrity of the through rate has not been maintained and the revenue the carriers are entitled to has not been paid.

The records of the Transit House are always open to your Inspection Bureau for checking, and when the warehouse certifies that a shipment is made with the guarantee on its part that such privilege may be granted, in conformity with the rules as published in the

tariffs, they are, in my opinion, certifying to something which is untrue, and therefore can be held to account.

Please be assured that my whole purpose in handling this complicated situation is to see that the carriers are properly reimbursed, and that my company cannot be criticised for any attempt to defeat any tariff rule or regularly established freight rate.

Very truly yours,

P. M. RIPLEY,
Traffic Manager.

3536 *Government Exhibit 441–E*

JULY 30th, 1930.

Subject: Transit—Sugar. American Sugar Refining Co.

Mr. P. M. RIPLEY,
Traffic Manager, The American Sugar Refining Company,
New York, N. Y.

DEAR SIR: Referring to your favor of the 24th instant, desire to state that I do not believe anyone would question the sincerity of your purpose to conduct transit privileges on behalf of your company in accordance with the provisions of the governing tariffs, but the language of tariffs is subject to varying interpretations.

In my opinion this is the cause for your being somewhat unduly concerned in regard to what appears irregularities, but which are nothing more nor less than the difficulties or misunderstandings which inevitably result from privileges which admit of intermingling merchandising with the transportation. The practices necessary to reconcile such conditions are what bring about, from time to time, unduly alarming fears of tariff departures, and this condition will continue to exist so long as the fiction in transit privileges remains a part of our transportation law.

In using the word "fiction" I merely voice the view of the United States Supreme Court in 257 U. S. 247, wherein will be found the following: "Transit privileges rests upon the fiction that the incoming and outgoing transportation services, which are in fact distinct, constitute a continuous shipment of the identical article from point of origin to final destination" and it may be properly here added that neither the Supreme Court nor the Interstate Commerce Commission have been able to see their way clear to eliminate this fiction because to do so would eliminate the privilege. I believe you will recognize the pertinency of this comment when, in your particular case, we displace abstract theory for concrete fact.

Now then, getting down to the latter. It is not a fact, as you state in your letter, that New Orleans Barge Line billing was used in forwarding N. Y. C. Car 97842 shipped from Indianapolis to Lafayette, Ind., April 24th, 1930. The shipment was made by your company on transit shipping direction certifying under the signature of The American Sugar Refining Company per Advance Trans-

fer and Warehouse Company that the sugars in that car were representative of sugars received in Wab. Car 79000, shipped from Philadelphia via the B. & O., April 8th, 1930, and this B. & O.
3537 freight bill was used in forwarding the shipment to Lafayette, Ind., and applying the thru rate from Philadelphia, which is 50.5¢, divided 43.8¢ Philadelphia to Indianapolis, 6.7¢ Indianapolis to Lafayette.

Inasmuch as this shipment is made by your company both into and out of Indianapolis, I believe you are entitled to exact copies of all the billing documents to evidence the erroneous information conveyed in your example.

On the face of these documents, which were submitted on behalf of your company, in accordance with tariff requirements, the carriers have assessed the lawful tariff rate, and can charge no other rate or make any corrections unless there is furnished by your company, corrected shipping directions and inbound freight bills show that your original application was made in error.

In accordance with the mixture record part of rule 10 of Jones' Tariff I. C. C. 1961, we called on the warehouse to show lot numbers and pounds of the different kinds of sugar forwarded as an equivalent against inbound sugar, and were promptly furnished with that record, which shows the content of N. Y. C. Car 97342 to Lafayette, Ind., as follows:

14	10/10's	1,414	lbs.	Lot No. 03875	from Phila., Pa., in C., M., St. P. & P. Car 712258.
86	"	8,686	"	" " 03871	from Phila., Pa., in N. Y. C. Car 93719.
50	No. 12	5,038	"	" " 03716	from Phila., Pa., in N. W. Car 63861.
10	Bbls. 4X	2,972	"	" " 03881	from Phila., Pa., in B. & O. Car 97141.
50	25's	1,350	"	" " 03901	from Balto., Md., in B. & O. Car 171657.
25	24/1's	675	"	" " 03581	from Balto., Md., in B. & O. Car 277358.
200	4/25's	20,200	"	" " 03822	from New Orleans, La., via Barge Line & I. C. Ry.

which also differs from your statement in that no mention is made of the sugars from Philadelphia as shown by lot number which was loaded in this car; consequently you will appreciate the impossibility of giving a correct answer to an incorrect question.

However, I do not wish to seemingly beg the question I believe you have in mind as to our interpretation of rule 40, and in connection therewith would say that the use of the Philadelphia bill on the shipment to Lafayette, as was done by your company thru its working agency, the warehouse at Indianapolis, is in accordance with the manner in which this rule has been applied by both sugar transit operators and carriers ever since the privileges have been in effect, and in my opinion conforms to both the letter and spirit of that rule.

3538 It would be necessary to read something into this rule which is not there in order to attempt to show that the integrity of the thru rate was impaired by the use of this bill.

Paragraph (a') would have to be made to say the inbound freight bills matched against outbound shipments must be the same property,

and forget about what it actually does say, viz: "representative of the property"; also to read only the words "that is, only the identical commodity" and forget about the other words "or its exact equivalent." Why the use of words which admit of representative billing and exact equivalent commodity, if it meant the identical commodity and its exact billing?

The same is true with Paragraph (b), which admits of substitution, except the kind that will impair the integrity of the thru rate, which brings us to the very much mooted question of how and when that happens, where the billing and the commodity may be lawfully disrupted in the transit house for the period of one year.

To determine what this means we must accept the recognized interpretation and application of both carrier and shipper during all the time the rule has been in effect; that is, that where mixed shipments are forwarded, the integrity of the thru tariff rate is maintained in the aggregate of the total cars involved in the mixed shipments and not as to each and every single carload shipment.

For example, your company, say, ships to Indianapolis five cars of sugar from New York, five cars from Philadelphia, five cars from Baltimore, and five cars from New Orleans. There is in effect transit privilege at Indianapolis on sugars from all four points of origin to points of destination where the thru rate is applicable via Indianapolis. Each car reshipped contains sugars from every one of these points of origin. On the first car a New York bill is used and the thru rate from New York to destination paid, then a Philadelphia bill is used and the Philadelphia thru rate paid to destination, then a Baltimore bill is used and the thru Baltimore rate paid to destination, and then a New Orleans bill is used and the New Orleans thru rate paid to destination; so that after the four cars of sugars have been shipped out, the shippers will have paid to the carriers, in the aggregate, the same amount to the pound and penny they would have paid had the same number of cars of the same sugar in each car been split up into four weights from the four points of origin and four different rates, one from each point of origin, applied to each outbound car, and the same result would obtain after all the sugar was disposed of.

This is the theory of the so-called unit system of using one freight bill against one outbound shipment. If it isn't perfect it at least has in its favor practicability and economy in handling the
3539 business, and certainly no less perfect than the so-called pound-for-pound billing application which admits of just as much, if not more, manipulation by the transit operator of the commodity while in his possession for the most advantageous merchandising. What fault may be found with the so-called unit system is not due to the fact that both carriers and shippers have adopted simplicity for complexity in the granting of these privileges, but due entirely to the fact that the privileges are granted at all.

Now, as to Paragraph (c), that has to do solely with different sugars from the same point and brought into the transit point via the same road and cannot have read into it anything which has to do with the same or different kinds of sugars from points taking different rates or reaching the transit point via different roads, nor can that rule be read to say "the same rate territory" instead of "points taking the same rate."

The words "same rate territory" in a tariff has no lawful significance unless the tariff clearly defines that it means something different from "points taking the same rate." I recall distinctly that this was first put into the Chicago tariff at the request of Col. Dodge of B. H. Howell & Son, then representing the sugar interest, when these privileges were first considered, because at that time they received at Chicago sugars from Brooklyn, New York, and Yonkers, and perhaps some other points, all taking New York rates, and desired no distinction to be made between such sugars, but that paragraph cannot be stretched to mean that Boston, New York, Philadelphia, and Baltimore sugars, for example, came from the same rate point.

Nothing can be gained by playing with words in that way. We must either apply the so-called "unit system" of billing in ratio and rotation as between origins and destinations, or the pound-for-pound application of exact billing from point of origin of different sugars in each and every outbound mixed carload shipment.

I trust the foregoing explains our understanding of just what rule 40 (a), (b), and (c) means, and just how it has always been accepted and applied by all concerned.

Now then, permit me to point out what the procedure should be on behalf of your company if you conclude that past interpretations and applications have been erroneous and you now have the proper course of action clearly settled in your mind.

Take this car you write about, N. Y. C. 97342 to Lafayette, Ind., for which your company used a B. & O. freight bill from Philadelphia, instead of the New Orleans bill, as you thought was used.

3540 According to the lot number record—

18,110 lbs. from Phila. for which Phila. inbound freight bill must be surrendered.

2,025 lbs. from Balto. for which Balto. billing must be surrendered.

20,200 lbs. from New Orleans, via Barge Line and I. C. Ry., for which like billing must be surrendered.

Whether these two roads covering the Philadelphia and New Orleans sugar, and possibly a third covering the Baltimore sugar, would interpret their tariffs to admit of transit application on part C. L. lot, is a matter which the interested inbound roads must decide for themselves, because it not only involves the accounting procedure of the different roads where one outbound car contains part lot from two or more roads under two or more transit tariffs, but also involves the question as to which one of the roads is to issue the bill of lading covering one carload shipment tendered in two or more parts to two

or more roads from two or more points of origin under two or more different transit tariffs which have somewhat different rules governing the transit privilege.

It is something new which you must develop by the submission of documents in line with their tariff to uphold your contention that what you have been doing in the past was in error and what you propose to do now is correct.

Insofar as this bureau is concerned, and on behalf of the carriers it represents, we do not hesitate to say that the transit business on your sugars has been conducted in line with the tariffs.

Yours very truly,

Assistant Manager.

HHB:BB.

3541 *Government Exhibit 441–F*

SEPT. 3, 1930.

Subject: Transit, Sugar, American Sugar Refining Co., Indianapolis, Ind.

Mr. P. M. RIPLEY,
Traffic Manager American Sugar Refining Co.,
120 Wall Street, New York, N. Y.

DEAR SIR: This is to acknowledge receipt of your favor of the 22nd ultimo, File 3224, transmitting copy of Transit Shipping Direction, covering a carload shipment of sugar, made by W. F. Childs & Co., from the Advance Transfer Warehouse at Indianapolis, May 6, 1930, and asking our investigation of this shipment, and to give you my view of the transaction.

All that I believe it is proper to say to you in regard to this shipment is, that *it has been handled in conformity with the provisions of published tariffs.*

To give you any information in regard to a shipment made by any other shipper than your own Company would be in violation of Paragraph 11, Section 15, of the Act to Regulate Commerce.

Yours truly,

Assistant Manager.

HHB:M.

cc—Mr. E. F. Stephenson, New York Central Lines, 466 Lexington Ave., N. Y.

3542–3543 *Government Exhibit 441–J*

THE AMERICAN SUGAR REFINING COMPANY,
120 Wall Street, New York, August 22, 1930.

MR. H. H. BERNSTEIN,
Assistant Manager, Central Inspection & Weighing Bureau,
Room 750, Board of Trade, Chicago, Illinois.

DEAR SIR: On my return to the office I find your interesting letter of July 30th, file TR–47/52919.

Due to the great mix-up in the accounts at the Advance Warehouse, incorrect car reference was given covering the quantities mentioned in my letter of July 21st. I now enclose copy of bill of lading dated Indianapolis, May 6th, covering the quantities referred to in my previous letter, namely, 355 bags of Sugar and 15 bbls. shipped from Indianapolis, to W. F. Childs & Co., % Joseph Ardapple, Lafayette, Ind., in N. K. P. car #80417. One hundred twenty-five bags of this Sugar originated at Baltimore and the balance of the car originated at New Orleans.

I also enclose Transit Shipping Directions Form 103 dated May 6th showing that New Orleans barge line billing was used on this car.

Would it be asking too much for you to investigate this case and give me your view of this transaction?

Very truly yours,

P. M. RIPLEY,
Traffic Manager.

CC to—Mr. E. F. Stephenson, New York Central Lines, 466 Lexington, Ave., N. Y. C.

3544 *Government Exhibit 442*

[Copy of telegram received by The W. J. McCahan Sugar Refining & Molasses Co.]

PHILADELPHIA, PA., *2/7/29, 5:10 M.*

From THE TRI-STATE BROKERAGE CO.,
Fort Wayne, Ind.

With general market conditions reflecting that a basis price of 5.00 is probable on cane sugar shortly, will thank you to advise if you would consider firm offer this basis 30-day contract from large local buyer. There is opportunity with this valued connection. Your favorable action will help.

(McCahan files.)

3545 *Government Exhibit 442–A*

[Copy of telegram sent by The W. J. McCahan Sugar Refining & Molasses Co.]

PHILADELPHIA, PA., 2/7/29.

TRI-STATE BROKERAGE COMPANY,
Fort Wayne, Ind.:

Your telegram received.

At time of inception of Sugar Institute all refiners announced would make no allowances or concessions for any reason whatsoever from their open publicly announced price Stop. Therefore, of course, impossible consider business below five-ten basis Stop. This exceedingly important matter and we urge you to be extremely careful no buyer has any reason whatsoever to believe we might be willing to shade our price.

(McCahan files.)

3546 *Government Exhibit 442–B*

FEBRUARY 8, 1929.

TRI-STATE BROKERAGE CO.,
107 W. Lewis Street, Fort Wayne, Ind.

DEAR SIRS: We are, of course, appreciative of the motive which prompted you to wire us as you did yesterday, as per the attached confirmation copy R–4625, regarding the possibility of consummating business at a basis under our publicly announced list price of 5.10¢ per cwt. However, we naturally regret that there should have been any question in your mind concerning this matter, since we felt that you surely must have realized that all secret concessions, previously made by refiners, had been abolished with the formation of The Sugar Institute.

We enclose confirmation copy, S–518, covering our reply last night, in which we explained the position taken by all refiners on this subject. Referring to the latter part of our wire, we would again caution you to be very careful that neither through direct statement nor influence has any buyer been given the slightest cause to doubt that we and all refiners are adhering strictly to the policy of making no allowances or concessions for any reason whatsoever from publicly announced prices.

The thought has occurred to us that you probably do not have a copy of the Code of Ethics of The Sugar Institute and we therefore enclose one for your information. We would request your kind attention to section (a) on page 3.

Yours very truly,

NORMAN CROCK.

(McCahan files.)

3547 *Government Exhibit 442–C*

GODCHAUX SUGARS, INC.,
New Orleans, January 13, 1928.

Colonel C. G. EDGAR,
% W. H. Edgar & Son, Detroit, Mich.

DEAR COLONEL: As mentioned to you over the 'phone a few days ago, the C. and H. have pledged themselves to maintain the Code of Ethics as declared by the Sugar Institute, Inc., with the exception of the guarantee. I note from your letter that the Great Western will do so insofar as jobbers are concerned, but apparently from your letter they do not consider the Code applicable to manufacturers. I trust you will succeed in convincing them of the advantage to be derived by their adopting en toto the Code. I am quite sure C. and H. will gladly withdraw the guarantee if the beet people do likewise.

With kindest regards, I remain,

Sincerely,

CHARLES GODCHAUX.

3548 *Government Exhibit 442–D*

[Copy]

WM. HENDERSON,
749 South Peters St., New Orleans, Jan. 14th, 1928.

Circular #40:

The association of refiners, to be known as the Sugar Institute, Inc., was formally organized last Saturday, Jan. 7th. Their first action was to publish a "Code of Ethics", which embodies the basic principles which they believe should underlie the industry, and which has official sanction and approval of the Attorney General of the U. S. We enclose a copy herewith.

A number of brokers and buyers doubt the refiners will live up to the code. They are greatly mistaken. Membership in the Institute came by executive action on the part of the various refiners, who were only too glad to cooperate and so escape the intolerable practices and losses few years.

The publicly named price of a refiner will now mean more than merely a basis for trading. It will be what a buyer will have to pay without any special reductions or allowances whatever.

We are pleased to advise that we are now running full and able to ship any assortment. Resales have been practically eliminated and all refiners are doing a gradually increasing business at their present basis. We look for a stability in price that will mean surer profits to the buying trade.

WM. HENDERSON.

3549 *Government Exhibit 442–E*

JANUARY 13, 1928.

Mr. M. B. MURPHY,
New Orleans, Louisiana.

DEAR MR. MURPHY: A few days ago you and I discussed over the telephone the Penick and Ford situation in view of the withdrawal of all concessions of any sort. I told you at that time that I thought I had some papers in regard to Mr. Mason's agreement with this Company made several years back with Mr. Jim Ford. I find, however, that I have nothing whatsoever on this subject, and for that reason am unable to say just what our position with them should be.

If you are still in any doubt about the matter, I think you and I should go into it further with the full facts in front of both of us. I want to say to you in connection with this arrangement, however, that we should not do anything on any new business which could possibly be construed as a violation of the spirit of the regulations of the Sugar Institute.

Very truly yours,
JFB/KG.
(American files.)

3550 *Government Exhibit 442–F*

JANUARY 14, 1928.

Mr. H. RESSLER.

DEAR MR. RESSLER: Effective with orders you place with us on and after January 1928 for our Table Syrup, we *withdraw the allowance we had agreed* to make you on such business. This is in conformity with the Code of Ethics adopted by the Sugar Institute, Inc., which I know you endorse heartily, and in advance we thank you for your kind cooperation.

Yours very truly,

Assistant to Mr. White.

HVD/EJ.
(American files.)

3551 *Government Exhibit 442–G*

THOMPSON'S RESTAURANTS,
CHICAGO, *January 21, 1928.*

AMERICAN SUGAR REFINING COMPANY,
117 Wall Street, New York City.

(Attention Mr. James F. Brownlee, General Sales Manager.)

GENTLEMEN: Your telegram of recent date, addressed to our company, has been referred to me.

I cannot believe that you are in earnest in your refusal to allow us our customary discount on sugar purchases. This discount arrangement was made by your Mr. Fred Mason with my father a number of years ago for specific reasons and purposes understood by the officers of your corporation. It was for value received.

We are large users of sugar and purchase the greater part of our supply from the American Sugar Refining Company.

I would like to hear from you as to why you wish to discontinue the arrangement we have with your company.

Yours very truly,

JOHN R. THOMPSON, Jr.,
President.

JRTJR:ME.
(American files.)

3552 *Government Exhibit 442–H*

JANUARY 26, 1928.

Mr. JOHN R. THOMPSON, Jr.,
President Thompson's Restaurants,
350 North Clark Street, Chicago, Illinois.

DEAR MR. THOMPSON: In response to your letter of January 21st, in conformity with the Code of Ethics of the Sugar Institute, Inc., of which we are a member, it has been necessary for us to withdraw all allowances of any nature from all customers.

We are very sorry this is so in your particular case, inasmuch as the relationship which has existed between your company and our own has been so satisfactory that we would be pleased if it were possible to continue with you on the same basis as we have in the past. Unfortunately, for the reason stated above, it is impossible for us to do this.

We appreciate very much the business which you have given us in the past and shall try to serve you in such a way in the future that we may merit a continuance of your cooperation.

Very truly yours,

JFB/KG.
(American files.)

3553 *Government Exhibit 442–I*

[Disposition slip]

THE AMERICAN SUGAR REFINING COMPANY,
Feb. 7, 1928.

TOM:

Was order placed before the Inst. was formed?

3554 *Government Exhibit 442–J*

THE AMERICAN SUGAR REFINING COMPANY,
Brooklyn, N. Y., February 4, 1928.

Mr. E. A. WEBER,
Vice President, The American Sugar Refining Company,
117 Wall Street, New York City.

DEAR SIR: On January 24th we delivered to Goldsmith Bros & Stern, of Long Island City, 5 containers (order 401006) of Crys. Dom. Tablets against a contract of January 20th. When remitting they have deducted for 9¢ per 100#, or 27¢ for cartage. The amount, of course, is small, but as it seems to conflict with the sugar institute code we should like your okay on such an allowance if it is to be made.

Yours truly,

A. L. BROWN,
Claim Department.

(Handwritten notation:) Ordered rec'd on Jan. 21st.
(American files.)

3555 *Government Exhibit 442–K*

FEBRUARY 15, 1928.

Mr. A. L. BROWN,
Brooklyn, N. Y.

DEAR MR. BROWN: Replying to your letter of February 4th, File No. 25886, addressed to Mr. Weber, I wish to advise that the de-

duction made by Goldsmith Bros. & Stern, from invoice covering delivery to them of January 24th, is strictly in opposition to the Code of Ethics and should not be allowed.

This customer was notified under date of January 9th, that all concessions had been withdrawn and he has acknowledged receipt of this telegram.

Very truly yours,

C. H. WHITE, Jr.,
General Sales Manager.

(American files.)

3556 *Government Exhibit 442–L*

[Telegram]

NEW YORK, N. Y.,
Feb. 24, 1928, 7:33 A. M.

WESTERN SUGAR REFINERY,
2 Pine St., San Francisco, Calif.:

C. and H. state their notice offering deferred deliveries to canners was sent out early part February, based on information Cuban Central American Philippines offering that basis. It is therefore in order for you to meet this competition in Pacific Coast States only.

THE SUGAR INSTITUTE, INC.

(Western files.)

3557 *Government Exhibit 442–M*

H. H. PIKE & CO., INC.,
91 Wall Street, New York, April 2, 1928.

THE FRED. W. ALBRECHT GROCERY CO.,
736 East Tallmadge Av., Akron, Ohio.

GENTLEMEN: We beg to refer to your letter of March 14th and also subsequent telegraphic correspondence.

We are very anxious to have you try a little Hershey sugar in your market. It is going good in other Ohio territories, and we feel sure that once you give it a trial, you will find your trade calling for it. We suppose you carry other Hershey products, such as Cocoa and Chocolate and, as these have a very good name and are in constant demand, we feel sure that Hershey sugar would also.

We cannot, due to the Institute, shade the base price, but we can work with you on the package goods at old differentials, and we repeat that we would esteem it a favor if you would give this sugar a trial.

Yours very truly,

H. H. PIKE & CO., INC.,
R. HAGEDORN, *Sec'y.*

(National files.)

3558 *Government Exhibit 442–N*

SAVANNAH, GA., *June 20, 1928.*

JUDGE BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR JUDGE BALLOU: Our Assistant Sales Manager, Mr. B. A. Oxnard, Jr., is making a trip through the barge territory, and has written to us from Nashville, in part as follows:

"Our broker, Henry Sawrie, is going after our old customers tooth and nail. We have assured him that he was on an equal basis with other refiners, and he is soliciting business on that basis. He suspects that two of the three big jobbers are getting something, and I think that he should know the entire situation if we want his cooperation. I would like for you to write him everything you know about any special contracts in Nashville, as he will surely find out later on and be sore at us for not trying to help him. His position makes him feel like a fool in the eyes of these two jobbers if we don't let him know."

The record of special or long-term contracts placed on file with the Institute when it was formed shows that there is only one special contract in the Nashville market, that between Godchaux Sugars, Inc., and Phillip Trawick Company, of Chattanooga and Nashville.

Before writing to Sawrie I would like a ruling from you as to what is ethical for us to reveal. What we would like to do is to write to Sawrie and tell him that there are no special contracts between Nashville jobbers and the members of the Institute, with the exception of one with Phillip Trawick, which gives a special package differential on account of advertising.

We do not intend to mention Godchaux's name.

It rather strikes me that this would be ethical, but I shall await your reply. It seems to me better to have Sawrie realize that only one jobber has anything special rather than have him suspecting every refiner and jobber.

Yours very truly,

President.

T. D.: McC.
(Savannah files.)

3559 *Government Exhibit 442–O*

NICHOLAS C. TEDDY,
1 Graves Street, Rochester, N. Y., October 4, 1928.

Mr. C. H. WHITE, Jr.,
General Sales Manager,
117 Wall Street, New York City.

DEAR MR. WHITE: The Smithfield's Pure Food Company, Hilton, N. Y., requested me to write you asking if you would help them to finance their business with trade acceptances the same as in former

years. They are packers of applesauce, and have sold the entire production for the season. You can readily see there is no risk; in fact, they have lived up to their obligations in previous years. The American Can Company and other concerns grant them this privilege.

This is not in a form of a concession, as they pay you 6% interest on the trade acceptances. It appears to them that it is a legitimate transaction, without conflicting with the Sugar Institute.

These two gentlemen, members of the Smithfield's Pure Food Company, Mr. Harold Deshon and Mr. Howard Lum, were salesmen for the American Can Company. From there they started packing applesauce, using two cars the entire season. The past ten years they have been giving us 100% of their business. This season they will use about twenty-five cars.

Yours very truly,

N. C. TEDDY.

(American files.)

3560 *Government Exhibit 442–P*

OCTOBER 8, 1928.

Mr. N. C. TEDDY,
1 Graves Street, Rochester, N. Y.

DEAR MR. TEDDY: In reply to your letter of October 4th, I am very sorry having to advise you that it will not be possible for us to accept Trade Acceptances from The *Smithfield's* Pure Food Company in settlement of bills for sugar, which we might sell to them.

This practice is contrary to the Code of Ethics, to which we have subscribed.

Yours very truly,

General Sales Manager.

CHW.JR/EJ.
(American files.)

3561 *Government Exhibit 442–Q*

FEBRUARY 8, 1929.

Mr. J. P. CODY,
Arbuckle Bros.,
111 Wall Street, New York City.

MY DEAR MR. CODY: Many thanks for The Great Atlantic & Pacific Tea Co., advertisement.

The most significant thing about this to me is that this concern is, apparently, no longer featuring sugar as one of its lower priced leaders. I hope that this is the direct result of our elimination of quantity discounts.

Very truly yours,

Executive Secretary.

SB:MD.
(Arbuckle files.)

Government Exhibit 442–R

[Copy]

MAY 4, 1929.

Mr. GEORGE M. ROLPH,
California & Hawaiian Sugar Refining Corporation,
215 Market Street, San Francisco, Calif.

MY DEAR GEORGE: When you and Henry reported that Godchaux and American were still selling at 4.75, I had Godchaux's reports in my possession, but did not feel authorized to use them. When Mr. Moog was here for last week's meeting, however, he said he would have no objection to your looking over the whole file. I am, therefore, sending you his original reports for the weeks ending March 9th to April 20th, inclusive. I hope you will scrutinize these carefully.

Frankly, I do not believe that reports compiled with this care and precision have been deliberately falsified. Moreover, Godchaux report all the resales of their sugar, sending us carbon copies of the invoices to the repurchaser so that we can check their sales and resales against their stocks in refinery and on consignment.

Kindly return these reports for my files after you have looked them over.

With regard to contract enforcement, I did not have complete figures when you were here owing to the fact that your contract period is extended by 12 days. I now have reported for the week ending April 20th, which is after all expiration dates.

Your percentage of 4.75 bookings which had been delivered at the close of the week ending April 20th, is 82.53%, as against an average of 82.19%. The showing of the Western, which I have always held up alongside of the C. & H. as a model, is considerably below the average.

As you are probably aware, we are in the midst of a very thorough housecleaning. *I do not expect that we shall escape without litigation, as we have doubtless had to hurt some of the innocent along with the guilty.* Every member of the Institute, however, is determined that sugar is going to be sold in this country upon open prices and without discrimination and that we are going to take whatever steps are necessary to secure this result.

Sincerely yours,

2–3–32: A. D. B.

(Institute files.)

3563 *Government Exhibit 442–S*

[Letterhead of California and Hawaiian Sugar Refining Corporation]

SAN FRANCISCO, *June 4, 1929.*

Mr. SIDNEY BALLOU,
The Sugar Institute, Inc.,
129 Front Street, New York, New York.

DEAR SIDNEY: I have perused your valued favor of May 28 with a great deal of interest and am glad that you have brought up the question with Mr. Cooke of our joining the Institute, as it affords a good opportunity for discussing frankly problems in which we are both interested.

To begin at the beginning, we must go back a few years prior to the formation of the Institute, when some of us, realizing the necessity for a cooperative trade association, journeyed to New Orleans where a conference of ourselves, the beet people, and the Louisiana planters was held. Then and there we started what was a Sugar Trade Association, prior to any action on the part of the Eastern or Southern refiners. You will recall that Mr. Mead made a special trip to Honolulu to secure permission of the Hawaiian planters for us to join such an Association and came back with the necessary authority. I think you were in New Orleans at the time and thoroughly encouraged the idea.

While we were there we had word from New York that a Sugar Institute was being formed, and I asked you to go there
3564 to attend the conferences and to explain to the New York refiners that we were already committed to a domestic organization. You thoroughly understood the irreconcilable attitude of the beet industry and the Louisiana planters towards the Eastern and Gulf refiners, and I believe you were fully aware that at that time you could not mix oil and water. I was away for six months and returned to New York in March of 1928. The Institute had been formed; you had been engaged as its Executive Secretary and were thoroughly enthused over the Institute and its possibilities, but you overlooked, I think, the attitude of the beet and the Louisiana people towards an organization composed of Eastern and Southern refiners

You will recall that Mr. Flarsheim and Mr. Campiglia met me in New York, sent there by the Directors of our Company, to convince me that our best interests would be served by joining the Institute. With this I did not agree. Messrs. Flarsheim and Campiglia visited the various refiners in New York who, after hearing my story, encouraged me, particularly Mr. Rudolph Spreckels, to come West, form the Domestic Sugar Bureau and make it 100% perfect in order that all producers of sugar would be operating under at least some form of a Code of Ethics. I told the refiners I called on that my object was to get all the domestic producers into one organization and later on to use my influence to coalesce the two into one. This met with general approval.

3565 After our first meeting in Chicago in April, Mr. Campiglia was thoroughly convinced of the mistake that would have been made if we had joined the Institute at that time. Mr. Flarsheim also then agreed that the thing to do was to get the domestic group functioning with 100% of the domestic crop, if possible, and then use our efforts to get the Bureau as such to join with the Institute, so that the industry as a whole would be functioning as one organization. We have been untiring in our efforts to bring about this result ever since, and I think you realize that your almost daily conferences by telephone and telegraph with Mr. Douglas are gradually working out to that end. Our Company is on record with the Bureau that it must join with the Institute within two years of its formation or that we might leave the Bureau and join the Institute. The two years will not be up until the end of this year, by which time I hope that the Bureau and Institute will be amalgamated.

Mr. Campiglia and I were successful in getting the Bureau to adopt almost in toto the Articles of Incorporation and Code of Ethics previously adopted by the Institute. One of the reasons for this was to facilitate the future amalgamation of the two.

The Bureau has been successful in getting all the domestic industry together except Michigan, and you know the reasons why that has not been accomplished, although every concern in Michigan is cooperating 100% with the Bureau.

3566 Our object in joining the Bureau instead of the Institute was for several reasons:

First. Because we knew it was impossible to get the beet people and the Louisiana people to join the Institute direct.

Second. Because we are selling our sugar in the West in more direct competition with the beet people than we are with the refiners from the East and South.

Third. We figure that it would be suicidal to our interests to be operating under a Code of Ethics drawn up for the conditions prevailing along the densely populated Atlantic Coast instead of a Code of Ethics designed for the conditions prevailing in the sparsely settled West. It would be humiliating to us to be bound by a Code of Ethics governing a group who buy their sugar from day to day as they require it and meet the competition of producers who produce all of their sugar in three months and market it over ten or twelve. It could not be done. We would have one of two options: Sell no sugar or violate the Code of Ethics we had agreed to uphold.

Fourth. Because it seemed to be the wisest course to pursue to get all the domestic people together in one organization which would be easier to amalgamate with the Institute than twenty-five individual units. This thought was thoroughly approved by Mr. Rudolph Spreckles, who has been given credit for the formation of the Institute.

3567 I am sure you will agree that we have played ball with the Institute, if not 100%, as I think we have, at least very

nearly so. If we have had some lapses they are due to the same reasons that have resulted in lapses by Institute members, as you so clearly set forth in your letter. You will admit, I think, that at every meeting I have attended of the Institute I have tried to be helpful. I think you will agree that the policy of the C. and H. Company over all the years you were connected with it and since you left it has been "openly announced terms and prices." We adhered to this policy all during the years of the unethical practices of other sellers of sugar, and it is just as hard for us to change this policy as it is for a leopard to change its spots. You know the policy of this Company thoroughly, and all I can say is that that policy has not changed. If we have done anything that seemed contrary to the policy adopted by the Institute, you must admit (and I know you do) that it has been done openly—the Guarantee, for instance.

You will recall that the last time I attended an Institute meeting I was quite emphatic before your members that unless they lived up to the Eleventh Commandment of the Code of Ethics, i. e., openly announced terms and prices, and to the spirit of the Ethics and not merely the letter of it, that it was doomed to failure.

There are things going on which you, as Executive Secretary
3568 of the Institute, know are not openly announced. I refer particularly to the 30-day delivery clause and time of payment. We know of these things and we have not, as you know, taken any retaliatory measures in regard to them, although there is an open flagrant violation of the Code of Ethics every day, much to our detriment.

In regard to open discussions around the table, will state that we could probably attend no more meetings of the Institute than we now do because of time and distance. To attend regular meetings of the Institute requires at least two weeks each month of the time of Mr. Campiglia or myself, and it is impossible for us to be present at more meetings than we have been, but we do keep in constant touch by telephone and telegraph with the Bureau and with the Institute when necessary. Many of the inquiries made by Mr. Douglas of you are inspired by us, as we think it advisable to work through the Bureau instead of direct with the Institute, because it keeps the Bureau in more constant touch with you and keeps them posted on the points involved. We are as much interested in maintaining the Institute as you are, or any member of the Institute, and one of the keenest advocates of the Institute is Mr. Henry Flarsheim, who does nothing without our direct approval and consent. We do not, as you state, make up our minds and take direct action on any matters involving ethics until we consult the Bureau or you direct.

I might say, in respect to the statement in the fourth paragraph of your letter, that we know many instances where Institute

3569 members have acted hastily and caused a lot of harm. It is no satisfaction and does not restore lost business to us that these errors are thereafter corrected; in the meantime the harm was already done to all the competitors of the one who made the move.

In reference to our 4.75 price, it is immaterial as to whether the American and Godchaux were directly selling the second-hand sugar at 4.75 or whether it was the buyer who had overbought knowing he would not have to take the sugar out in 30 days. The actual market at the time we made our change was 4.75, and we felt that to sell any sugar we had to meet it. Mr. Flarsheim and I explained to you in New York that we had carried over an unusually large amount of domestic sugars from the 1928 campaign, because we were unable to sell it, and that we could not possibly go through 1929 and carry over a like amount of the 1929 sugars, because we would then have on hand double the carry-over of 1928. I explained to you fully that Formula No. 1 did not work in 1928 due to the fact that we did not meet the open-market quotations, whether they were first-hand or second-hand offers, and that this year we had determined to sell our sugar on the market, as our accumulations at Crockett became burdensome. Furthermore, there was no market justification for the attempted advance on the part of the Eastern refiners from 4.90 to 5.00. It was simply an attempt to get the trade to load up on a very weak raw market and which the trade has resentfully protested against times innumerable. The subsequent trend of the raw market has proved definitely the wisdom of our move.

3570 Some New York sugar man stated to Mr. Cooke that our action had the tendency of depressing the raw market. This was certainly a most unusual statement. Our view was that if anything it would help the raw situation, as it would bring new buyers into the market. Our view of the situation seems to be thoroughly confirmed by the statement of Mr. Frank Lowry in his circular of May 16 in the first paragraph thereof.

The sellers of sugar cannot fool the jobbers or manufacturers any longer by making advances when the raw sugar market does not fully warrant it. Mr. Rudolph Spreckels, the founder of the Institute, I am sure is in thorough accord with this thought, as his main topic of conversation with me on many occasions and from the statements that he had made repeatedly at Institute meetings is that the distribution of sugar is going to suffer more and more unless something is done to permit the buyer of sugar to make a profit on its distribution, which he has not done for many years past.

In reference to the Railton matter, we have answered this by telling you that we have stored no sugar with Railton for over two years, and this needs no further comment, notwithstanding the reliable source of your information.

In reference to our contracts of May 7 in Wisconsin where the payment was authorized 7 days after arrival by barge shipment, it might interest you to know that a short time before this move was

made we took it up with the Domestic Sugar Bureau and were
3571 advised by Mr. Douglas that those terms were being offered by Southern refiners, who claimed that they were obligated to use them to compete with water shipments from Atlantic refiners. Therefore, you will understand that we made no hasty, snap judgment in connection with this matter but took it up with the proper authority before acting. I think if you will again inquire of Mr. Douglas you will learn that notwithstanding the diligent inquiry by the Domestic Bureau and yourself that Mr. Douglas did give us this information. Later on we were advised that the Southern refiners had withdrawn this arrangement, and we immediately sent out an announcement withdrawing the 7-days-after-arrival terms.

As proof that other refiners were quoting terms we met, we hold one of their contracts dated before we made our move, which also proves the information received from Mr. Douglas was correct.

In regard to legal advice desire to say that I have often heard men state that they would rather go to jail than to the poorhouse. I have never believed this statement. I would sooner lean over backwards to obey the spirit of the law than take a single chance with all that it involves. I am a firm believer in Judge Devine's opinions, and I have had no occasion to question the opinions of Mr. Tyler. They have both, on all occasions, given good, commercial, legal advice. That they are conservative I do not deny, but not too much so. I would rather some other Trade Association would take the initiative in some doubtful moves than the one with which I am con-
3572 nected. If it were myself alone, I might not be so particular, but when I am the guardian, in a certain sense, of the Directors and the Stockholders of my Company, I will not take any chances because of them.

I was greatly shocked last year when I received a letter from one of the big buyers in Chicago threatening my Company with suit for being connected with an illegal combination in restraint of trade. A similar letter was sent to the members of your Institute, and as a result the Institute rescinded certain actions. I am pleased to say that the desired end was afterwards accomplished in what is considered by all attorneys consulted a legal manner.

You yourself told me the last time I was in New York that you were going to take an action which you knew to be illegal, but the end justified the means. If I had been a Director of the Institute, I would have had to vote against it, although the benefits to be derived from the action are manifest. The result of any lawsuit, no matter which way it turns out, is a loss and the adverse advertising that the whole sugar industry of the United States would be subjected to does not, in my opinion, justify either the Institute or the Bureau taking any chances.

Sugar is, has been, and will continue to be the football of Congress and an adverse Press. I believe the fewer chances that are taken with the law the better. There are so many things the Insti-

3573 tute and Bureau have done and can do to correct unethical practices entirely within the law that I believe there is no justification in taking any chances with the law. We, as you have very good reason to know, do not have our business policies set forth by our attorneys, but we do have a great deal of respect for their judgment in all matters pertaining to the law and try to make our business policy conform, not only with our own ideas but with the law as well. If your members are willing to take a chance with the law, are they not also willing to take chances with the Code of Ethics, and have they not done so?

You have apparently sold Mr. Cooke the idea that we should join the Institute. In this Mr. Campiglia and I disagree. In my opinion, our leaving Domestic Sugar Bureau would probably disrupt that organization. How could we, as a member of the Institute, operating under its Code of Ethics, meet competition in a Western market where a free-for-all fight was going on between domestic producers. We would be in a position of either abiding by the Code of Ethics and preserving our honor with the members of your Institute and selling no sugar, or flagrantly violating your Code of Ethics in order to keep our place in the sun. Mr. Campiglia and I thoroughly believe the Institute itself could not survive long with 20 or 25 unrestricted sellers in the territory West of the Illinois-Indiana line.

We think the far better course would be to keep all the domes-
3574 tic producers in one unit and use our influence to have that unit gradually amalgamate with the Institute. To this end we are working, and the whole subject can be brought up for rediscussion at the time our ultimatum to the Bureau expires, i. e., at the end of this year.

Yours very truly,

GEO. M. ROLPH.

(Institute files.)

3575 *Government Exhibit 442–T*

JUNE 18, 1928.

To Sales Department.
From W. B. Tyler.
Subject: Sugar Institute—Price Changes.

This refers to the attached letter from the Institute dated June 11, 1928.

Our attitude in the matter of declining to report future price changes to the Institute has accomplished, from a legal point of view, exactly what is desirable and what we had hoped for, i. e., in future we will exchange no correspondence with the Institute respecting the current or future price of either our product or that of our competitors.

The Institute seems to take the attitude that its action in striking our name from their price change list will be detrimental to our

interests and place us in an unfavorable competitive position. The legal department hopes such is not the case. If it is not the case, then we have placed ourselves in a splendid position *legally*. If Mr. Ballou's assumption is correct, then, of course, we must devote our efforts to some further solution of the problem in an effort to reconcile legal inhibitions with commercial expediency.

I regret that Mr. Ballou, in all of his correspondence on the subject, seems to have failed to grasp our point of view which con-
3576 cerns the substance of legal license rather than the form of finding a means to evade it. His personal notation in the lower left-hand corner of the first page of his letter suggests a practice which, in my opinion, is irrelevant. It is immaterial whether future price changes are wired to the Institute before or after "posting" to the trade. The dominant fact to be borne in mind is that in *either* case the communication of the information to the Institute and its prompt dissemination to members, concerns a *future* price move not yet effective, and that as such it is without authority under the Sherman Act and the decisions of the United States Supreme Court thereunder. The law sanctions the publication of future price moves, or future price intentions, to the trade, to trade publications, to newspapers, and to the public generally. It does not sanction the publication thereof to, or between, *competitors* or organizations of competitors such as the Institute.

Incidentally, I was not aware that certain Seavey & Flarsheim correspondence had been sent to the Institute, portions of which Mr. Ballou has used as a boomerang in his letter of June 11. I am sorry that this data was sent to him, first, because he has used it to our disadvantage (probably a copy of his letter was sent to each member of the Institute), and second, because it is not a proper subject of intercourse with the Institute except as to the stock feature which could have been covered in a different manner. Please note also that although the data was forwarded to Mr. Ballou
3577 informally by Mr. Campiglia, he, Mr. Ballou, has not so treated it and has returned the file under cover of an official Institute letter, thus defeating the purpose Mr. Campiglia probably had in mind.

(Signed) WM. B. TYLER.

(The Sugar Institute, Inc., files.)

3578 *Government Exhibit 442–U*

JUNE 18, 1928.

To Sales Department.
From W. B. Tyler.
Subject: Institute—Reporting of Price Changes.

On February 17, 1928, the Sugar Institute, Inc., published the following "Code Ruling":

"Except to meet a competitive price already announced, the Institute recommends to its members that they announce changes in

price not later than three o'clock of the day before the changed price becomes effective.

"The *first* announcement of a change in price should be sent by telegram to the Executive Secretary, he to notify the other members."

(The italic is mine.)

Today we received a letter from the Institute dated June 12, 1928, which states that the following formal request which has been made to the members of the Institute is being followed in practice:

"The Institute requests members before notifying the Institute of price changes, to post or otherwise announce them in their customary manner and then to notify the Institute of action which has been taken."

A careful comparison of the above Institute actions indicates a substantial revision of the attitude of the Institute between February and June.

3579 We still believe that the less the Sugar Institute has to do with prices the better off it, its members, and its adherents will be. We regret that the Institute feels obliged to participate at all in the exchange of price information.

After one or two price moves we shall be able to determine whether or not our failure to participate with the Institute in the exchange of price information has in any way affected our ability to sell sugar and meet competition. If we find, after a fair trial, that we are suffering any commercial set-back it may be, of course, that some arrangement can still be made with the Institute which will be a compromise between legal inhibitions and commercial expediency. The legal department hopes that we will find it practicable to sit tight.

(Signed) WM. B. TYLER.

(Institute files.)

3580 *Government Exhibit 442–V*

(Letterhead of Savannah Sugar Refining Corporation)

SAVANNAH, GEORGIA, *June 14, 1929.*

Judge SIDNEY BALLOU,
Executive Secretary The Sugar Institute, Inc.,
129 Front Street, New York, N. Y.

DEAR JUDGE BALLOU: On May 30th, when Mr. Pardonner and myself were in New York attending the last Institute Directors' meeting, the Government asked for bids on some sugars in Orlando, Fla., to be used in fighting the Mediterranean Fruit Fly. The grade of sugar asked for was American No. 14 Soft, or a lower grade, but the sugar was not to be raw sugar and was to be free from trash or dirt. Mr. Sprague, our Vice President, who is in charge of the operations out at the plant figured this would be an advantageous opportunity to dispose of some No. 3 remelt sugars. He sent in a

bid based on the extractable granulated in these remelts. The bid we put in was $4.44, net, delivered at Orlando, which would represent a bid of $4.05, net, F. O. B. Savannah. Mr. Sprague is away at present, so I am unable to tell you just how he arrived at this figure. I do know, however, that he took into consideration the polarization and purity of the remelts with a certain addition for the blackstrap molasses which would have been obtained had the sugar been worked into granulated. I shall give you the exact details when he returns.

Your rulings on the Code of Ethics provide that any unusual method of selling sugar *should first be reported to the Institute.* It strikes me that this is decidedly an unusual method, but, unfortunately, owing to the absence of Mr. Pardonner and myself, the plant made the bid and were under the impression that since it was a byproduct they were certain it did not come under the rulings of the Institute.

The amount of sugar sold was comparatively small, but I am writing you this to explain our position in the matter in order to avoid criticism or misunderstanding on the part of any of the other members of the Institute.

Yours very truly,

THOMAS OXNARD, *Sales Manager.*

(Institute files.)

3581 *Government Exhibit 442–W*

[Telegram]

SAVANNAH, GA., *June 15, 1929—10:31 a. m.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Submitting bid to government authorities Orlando Florida on remelt sugar based on extractable granulated at market writing.

SAVANNAH SUGAR REFINING CORPN.

(Institute files.)

3582 *Government Exhibit 442–X*

JUNE 17, 1929.

SAVANNAH SUGAR REFINING CORPORATION,
Savannah Bank & Trust Company Bldg., New Orleans, La.

GENTLEMEN: I have your letter of June 14th regarding a Government bid on soft sugar to be used in fighting the Mediterranean Fruit Fly.

I think you were correct in reporting this as an unusual sale. In view of your explanation as to the method of arriving at the price, I do not believe there will be any criticism of this bid.

Very truly yours,

Executive Secretary.

SB:BMF
(Institute files.)

3583 *Government Exhibit 442–Y*

[Telegram]

SAVANNAH, GA., *Oct. 2, 1929.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

In line with others Savannah will sell all its brands of granulated sugar at base price.

SAVANNAH SUGAR REFINING CORPN.

3:00 p. m.
(Savannah files.)

3584 *Government Exhibit 442–Z*

[Letterhead of Texas Sugar Refining Corporation, Texas City, Texas]

OCTOBER 17, 1929.

THE SUGAR INSTITUTE,
129 Front Street, New York City.

GENTLEMEN: Our attention has just been called to the activities the past few days of the South Coast people, whom I understand are operating the Suchar Refinery at Houma, La., formerly known as "Southdown."

Two of our customers in North Texas advise they have made a Contract with the South Coast people to supply them with their requirements of sugar at price guaranteed 15 cents under the American, C. & H., Imperial, and Texas City prices on da ival, meeting the Texas prepays, buyer's option up to Februar 1st. This, we understand, is not an openly quoted price available to the trade generally.

I would like to inquire if the South Coast people belong to the Domestic Bureau; and if so, would you not handle with the Domestic Bureau to *regulate this unethical competition?* Southdown has always made very pretty sugar in the past, and this is competition which we cannot afford to ignore. Therefore, we ask you to handle it quickly and advise us.

Very truly yours,

H. B. MOORE,
Vice Pres. & Gen. Mgr.

(Institute files.)

3585 *Government Exhibit 442–A1*

OCTOBER 23, 1929.

Colonel H. B. MOORE,
Texas Sugar Refining Corporation, Texas City, Texas.

DEAR COLONEL: Replying to your letter of October 17th, in which you refer to the special offering of Southdown sugar, and enquire whether this Company is connected with the Domestic Bureau, will say that they have no affiliation with that group, and our efforts to

reach a cooperative basis with them in the past have been of little avail.

About a year ago they began storing sugar in jobbers' warehouses in various sections of the South-Central states, and I was instructed by Judge Ballou to see if I could get them to abandon the practice. I conferred with their General Sales Manager in New York without result. He stated they were going to try the practice out for a while as an experiment, and seemed to have no interest in my reference to the probable demoralizing result of such sales practice.

At the time we conferred with these people the Postum sales organization was directing sales of the Southdown production, but we are advised that they are not doing so at this time.

I regret that I am unable to give you more comfort in the matter, but there seems to be nothing we can do in the circumstances.

With kindest regards, I am,

Very truly yours,

FRED G. TAYLOR,
Executive Vice Secretary.

(Institute files.)

3586 *Government Exhibit 442–B1*

[Telegram]

SUGAR LAND, TEXAS, *Nov. 19, 1929.*

THE SUGAR INSTITUTE, INC.,
129 Front St., New York, N. Y.:

Texas City Sugars being offered Dallas five naught five basis ex-warehouse; Houston jobber offering same sugars five thirty five f. o. b. Houston which is nineteen cents less than the refinery delivered price Houston. Stop. We getting reports daily of these sugars being offered as resales below market this territory. Stop. We think immediate investigation by staff of Institute necessary as we cannot and will not continue sit by and see this condition continue without meeting it in some way which will have the effect of pulling down the whole structure. Advise what we may expect; quick action necessary.

IMPERIAL SUGAR COMPANY.

(Imperial files.)

3587 *Government Exhibit 442–C1*

JAN. 7TH, 1930.

LEWIS & CULP, INC.,
Lexington, Ky.

DEAR SIRS: We certainly were surprised to get your wire this morning offering us 20 points under our present quotation for a few cars of Atlantic. We thought we had made it clear that one of the rules of the Sugar Institute is that we can only sell on publicly announced

price. Much as we would like to make a slight cut to swing some business, it is impossible for us to do so, and if sales cannot be made at our list, we cannot confirm them at all.

We have not heard from you for some time with direct sales and sincerely hope that some of your friends will take advantage of the 5.10 basis today as we doubt if they buy that cheap again for a long time to come.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3588 *Government Exhibit 442–D1*

MAR. 10th, 1930.

R. D. NICHOLSON & Co.,
Selma, Ala.

DEAR SIRS: We realize that it was around eleven o'clock before we wired you Friday as to price change and we know that on this particular break in market the C. & H. Refy. had the advice first thing in the morning so that they got the jump on the business, but as for the American, the local manager himself told me he was not advised by New York until two o'clock Friday afternoon. That points to just exactly one thing, and that is *the American broker worked on the basis of what he knew the C. & H. was doing, taking it for granted the American would meet the C. & H. proposition.* We suggest that on future turns of the market you follow the same smooth scheme, *as we are bound to give you as good a proposition as the next fellow.* We are glad at any rate you put across some business as per contracts sent you Saturday.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3589 *Government Exhibit 442–E1*

MAR. 25th, 1930.

Mr. MORRIS FORD,
Decatur, Ala.

We are members of the Sugar Institute, and our selling methods and terms are necessarily exactly like those of our competing refiners. You can always feel sure that Henderson will give you the same break the other refiners give, and almost invariably our price will be identical. In other words, if you hear of another refiner trying to put over something in the way of prices and terms, you will find us willing to meet them 100 percent so long as they are in line with the honest interpretation of the Code.

As soon as we hear from you that the above arrangement is satisfactory we will send you Brokers' Agreement to sign and copy of our telegraphic code and the Sugar Institute's Code of Ethics.

Trusting the above will be the beginning of a long and mutually advantageous relationship, we beg to remain,

Yours truly,

WM. HENDERSON.

(Henderson files.)

3590 *Government Exhibit 442–F1*

SMITH BROKERAGE COMPANY,
Meridian, Miss., July 9, 1930.

WM. HENDERSON,
New Orleans, La.

DEAR MR. MANEY: I want you to listen to this: One of our local customers, Hasson Grocery Company, reported that he bought Godchaux's sugar at 4.50, guaranteed price, last week. This same thing happened at Forest, Mississippi. Now, whether the Refinery or the broker guaranteed it, I am not in position to say, but I believe if you will confer with American's representative who was here a few days ago, that he will verify this proposition. This came to me pretty straight, and I have good reason to believe it is true, for Hasson never bought a car of anything but American sugar in his life. How are we going to combat a thing of this kind?

I am digging into the proposition to show you that my heart is right and I am working hard. I am going to make a trip over the territory in the next day or two as soon as my eye will stand the strain and get the low down on the whole proposition.

Yours very truly,

SMITH BROKERAGE CO.

(Henderson files.)

3591 *Government Exhibit 442–G1*

JULY 10TH, 1930.

SMITH BROK. CO.,
Meridian, Miss.

DEAR SIRS: We are very much pleased to get specifications to clean up booking of A. J. Lyon & Co. at 4.50, and will ship by barge ATN–MB the exact assortment ordered.

It may interest you to know there is a $1,000 fine for a refiner kicking over in the way you say Godchaux did on sales to Hasson. We honestly believe that your good friend is just pulling the wool over your eyes, or any rate, trying to do so. If you get any information that you can put your finger on and know to be correct and not just idle rumor, I will send a representative of the Sugar Institute up to Meridian to check it out, and *somebody will have to stand a handsome penalty.* Don't forget that and don't forget also that idle rumor is not what I am interested in but some definite, substantial evidence.

I am mighty glad to hear you have got a new lease on life, and have not the slightest doubt that the next time the band plays you will enjoy the music.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3592 *Government Exhibit 442–H*

SMITH BROKERAGE COMPANY,
Meridian, Miss., July 11, 1930.

DEAR UNCLE JOHN: This is a personal letter to you.

The first time you see Mr. Davis with the American Sugar Refinery who travels in this territory, ask him what he found out about Godchaux sugar at Union and Forest, Mississippi; also Hasson Grocery Company, Meridian. I believe he will verify, if I am not mistaken, that a car each was sold at Union, Forest, and Hasson Grocery Company, guaranteed, marked resale at 4.50 last week. In conversation with Mr. Davis just ask him about this and see if we are not right about it.

I can see through this clearly and if I could talk to you personally I could explain it. This kind of shenannigan is what's making our heads all turn white.

With very kindest regards.

Respectfully,

JOE.

(Henderson files.)

3593 *Government Exhibit 442–I*

JULY 12th, 1930.

SMITH BROK. CO.,
Meridian, Miss.

DEAR SIR: I am going to keep before me your letter of the 11th about tricky work on part of Godchaux. If we can check up any of the items you outline *we will make it hot for those people.*

Yours truly,

WM. HENDERSON.

(Henderson files.)

3594 *Government Exhibit 442–J1*

[Letterhead of Savannah Sugar Refining Corporation]

SAVANNAH BANK & TRUST CO. BUILDING,
Savannah, Ga., August 25, 1930.

The EXECUTIVE COMMITTEE,
The Sugar Institute, Inc., 129 Front Street, New York, N. Y.

GENTLEMEN: As a member of The Sugar Institute the Savannah Sugar Refining Corporation has observed the Code of Ethics of the Institute, announced its prices openly to the world, avoided secret concessions and rebates to large purchasers, and in other respects refrained from unfair competition, and it is our desire, if humanly possible, to remain members of the Institute.

The *Hershey* Refinery, of Cuba, is not a member of the Institute. It is not bound by the Code of Ethics of the Institute. It has and exercises perfect freedom as to the character of competition that it may see fit to employ. For the past two years we have furnished to Mr. Taylor, Executive Vice Secretary, concrete evidence of Hershey rebates, fake sales of "damaged" sugar, and other methods of unfair competition. Due to these methods of merchandising, Hershey has gradually taken away from us a great part of the trade we formerly enjoyed in the State of Florida and is continually nibbling away our trade in Georgia and adjoining States.

During the long period when the tariff bill was under consideration the Hershey competition was not so active. They evidently feared that undue activity on their part at that time might result in tariff legislation unfavorable to them. Since the tariff bill is now past and Hershey in effect has a subsidy from the United States Government of two cents a hundred pounds, the Hershey sales forces are much more aggressive and open in making all sorts of *concessions that we, as members of the Institute, are not permitted to make.* As a case in point, we have lost the large and profitable *Coca-Cola* account to Hershey. We have lost several good customers in South Carolina to Hershey for similar reasons, as well as in Birmingham, Ala., and in other points.

3595 Hershey brokers are informing our large customers that they are not members of the Institute, that they are not

bound by the rules and regulations of the Institute, etc. In other words, they make it very plain that they are free to offer concessions that Institute members cannot give and are willing to do so.

It is, of course, impossible for the Savannah Refinery to sit quietly by and see their important and profitable customers taken away from them one by one by reason of the various methods of unfair competition that Hershey is free to resort to and which we are not permitted to employ. We recognize the good which the Institute has done for the trade as a whole. It is far from our wish to take any step that might lead to demoralization and chaos in the sugar trade generally. It is a very obvious fact, however, that something must be done to remedy the situation which Hershey's methods of competition are bringing about.

Our view is that Hershey should be invited to join the Institute. We made this motion at the last meeting, but it was voted down. If anyone has some other and better suggestion to offer, we shall be glad to hear it, but the point we wish to make very emphatic is that present conditions cannot be allowed to continue and that something must be done; otherwise, the Hershey competition will break down the Institute and spread demoralization throughout the sugar industry.

We shall be glad to hear any suggestion that anyone may offer as a solution to this problem which insistently and increasingly demands a remedy.

Very truly yours,

B. O. SPRAGUE, *President.*

(Institute files.)

3596 *Government Exhibit 442–K1*

AUGUST 21, 1930.

THE SUGAR INSTITUTE, INC.,
129 Front Street, New York, N. Y.

DEAR SIRS: Referring to "Code Interpretations, Sec. V, Page 2, paragraph 3, we quote the following extract from the August 20th circular of The Daub & Carr Company:

"Porto Rico Granulated—Snow White reduced to 4.30—Guanica quoted at 4.30, *but variously reported as selling at 4.25.*"

Yours very truly,

LOUIS V. PLACÉ, Jr.
H. B.

(Handwritten notation:) Mr. Taylor advised me 8/22 that the previous day he had thrashed this out with Lowry. The latter *admitted* selling at 5.25¢ "to meet competition." In the future he is to "openly announce" any such move(?)

(McCahan files.)

8/25 L. P.

3597 *Government Exhibit 442–L1*

SEPTEMBER 2, 1930.

Mr. EVAN T. FISHER,
The Sugar Institute, Inc., New York, N. Y.

DEAR EVAN: Just as a matter of record, I want to quote the following paragraph of a hand-written note addressed to me by Mr. Fox, our Chicago broker, last Saturday:

"Don't know where * * * got the dope, and he wouldn't tell me any more than that he heard on good authority that Lowry was in a hell of a jam due to irregularities discovered in his methods of conducting his business in Chicago and *other markets* as well."

This morning we heard the same report from a local broker. *Apparently the news has leaked out from some place.*

Yours sincerely,

LOUIS V. PLACÉ, Jr.
H. B.

(McCahan files.)

3598 *Government Exhibit 442–M1*

DEC. 2D, 1930.

NAFF-HOSKINS CO., INC.,
Miami, Fla.

DEAR SIRS: The Godchaux crowd are fast workers, never make any mistake about that, and the rest of us have to be on our toes all the time. The way they work the resales is very simple. They put in a weak buyer for a big block of sugar and then they play with the contract on basis of resale. As you can see, that gets everything in apple-pie order as regards Institute, because the sales are all entered up in regulation way and there is *no price cutting* or anything like that; but the fact remains that when they want to oblige a customer with goods under their list, they have the necessary ammunition. You will help us a whole lot if you will do just what you suggested in your letter of Nov. 26th, and that is, watch their transactions closely and, if you can get any definite information as to customers and trades involved, relay them along to us together with price.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3599 *Government Exhibit 442–N1*

DEC. 16TH, 1930.

Mr. W. N. MAXWELL,
Tuscaloosa, Ala.

DEAR SIR: Again we thank you for additional information about Alabama Brok. Co. and what you write goes on to show that if a

man starts to play tricks in one direction, he will play them in others. I am glad that at least the lard people tripped him up and only wish the sugar crowd had about that much backbone. The reason he sells both Colonial and Savannah sugar is that Lamborn is sales agent for both refineries. Another point that has a distinct advantage to them is their speed of posting and that is because the Lamborn wires originate in New York and of course Lamborn in New York gets quicker information over the 'phone *from the Institute* than we can possibly get down here, where it has to be by telegraph.

Market on raw sugars is weak again, and we still believe buying on the four-payment plan is a better bet than resales, even though the resales are apparently cheap at time of purchase.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3600 *Government Exhibit 442–Q1*

MAR. 3D, 1931.

TRAUTNER BROK. CO.,
222 Manhattan, Duluth, Minn.

DEAR SIRS: Like the other refiners, where we employ the services of chain brokerage houses like Lamborn, Lowrey, etc., we pay them the 6¾ so that they can pay their subbrokers usual compensation, but where sales are made direct without use of subbroker, the compensation in your section is the standard 5¾ rate. If you were to sell sugar for us it would be altogether a question of through what channel the sugar was sold.

From the third paragraph of your letter of the 25th we hope you are not making the mistake of thinking this is a plantation factory outside of the Institute whose prices change from time to time according to grade of sugar produced. We are members of the Sugar Institute and have been refining sugar for the past fifty years, longer, in fact, than the complete history of the American Refy. or practically any of the corporations in existence.

Our sugars are sold on the same price level as that of other refiners, but our factory is a very small one, and for that reason, except in the South, our products are little known. We realize that means a very great handicap to brokers such as yourselves who are seeking to introduce our sugars into a new market, as we are utterly unable on account of our connection with the Institute to make any special concessions or favors to bring about that desired result.

It all boils down to the question as to whether or not you have friends who will pay just as much for our sugar under the same terms of sale as if they were getting American, C. & H., or any of the other big cane refiners.

As far as our packages and products are concerned, you need have no worry on that score, because we would not have been able to get full prices for the past fifty years unless our goods were fully in line.

If in view of what we have written above you believe that you have friends sufficiently close to be willing to buy part of their requirements in the Henderson brand, we will be glad to go further into the proposition to appoint you our representatives in Northwest territory.

Yours truly,

WM. HENDERSON.

(Henderson files.)

3601 *Government Exhibit 442–R1.*

JUNE 19, 1931.

Mr. FRED G. TAYLOR,
The Sugar Institute, Inc., New York, N. Y.

DEAR MR. TAYLOR: I enclose postal card mailed on June 7th by Messrs. C. D. Kenny to a retail buyer in Indianapolis, Indiana, offering Jack Frost 10/10 lb. bags "*at cost*" of $4.83 per bag.

The lowest basic price quoted by National Sugar Refining Company has been	$4.35
The differential on 10-lb. bags is	.15
	4.50
The 2% discount is	.09
	4.41
The announced freight application at Indianapolis is	.44
Making a total of	$4.85

to which must be added the cost of storage and of delivery (which is offered "free").

This compares with Kenny's "cost" quotation to retail buyers of $4.83.

Yours very truly,

LOUIS V. PLACÉ, Jr.

(Handwritten notation): Mr. Taylor reported to me verbally yesterday that when Charlie Bruyn had been approached on this subject his reply had been that no matter how annoyed others might be about this matter, no one had had a worse headache than he himself.

(McCahan files.)

3602

3603 *Government Exhibit 443*

Price Change—Clearance

Date of Announcement, Sept. 24. Effective Date, Sept. 26, opening; 25, close. First Announcement By Arbuckle From 5:40 To 5:50.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
American			26																
Arbuckle	25																		
Spreckels				25				25											
Colonial					26														
Godchaux						25													
Henderson							26												
Imperial								25											
McCahan					26														
National			26																
Pennsylvania		26																	
Revere						26													
Savannah					25														
Texas									26										
Western							25			10									
C. & H								25											
Gt. Western																			
Armstrong						26					25								
Hershey					26														
Lamborn																			
Lowry																			

(Institute files.)

3604 *Government Exhibit 443–A*

SEPTEMBER 24, 1929—2:30 p. m.

Bulletin

At the close tomorrow, September 25th, we shall advance to basis $5.50 prompt and 30-day contract.

ARBUCKLE BROTHERS,
Sugar Sales Dept.

(Institute files.)

3605 *Government Exhibit 443–B*

[Telegram]

SEPTEMBER 24, 1929.

Flash—Send to entire list with exception of No. 14.

Notice One Arbuckle announces at close September Twenty-fifth advance to basis Five Fifty.

THE SUGAR INSTITUTE.

(Institute files.)

U. S. GOVERNMENT PRINTING OFFICE: 1935